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PRF PAUL RAMSAY FOUNDATION

Understanding the benefits, costs, and funding flows to tailored jobseeker supports

Paul Ramsay Foundation

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Deloitte Access Economics

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Glossary

Acronym	Full name
ADE	Australian Disability Enterprises
ALMP	Active Labour Market Policy
BSL	Brotherhood of St Laurence
CDP	Community Development Program
DES	Disability Employment Services
DSP	Disability Support Pension
FDSV	Family, domestic, and sexual violence
FTE	Full-time Equivalent
FY	Financial Year
GDP	Gross Domestic Product
HILDA	Household, Income and Labour Dynamics in Australia Survey
ILO	International Labour Organization
IPS	Individual Placement and Support Model
JSD	Jobseeker Diary
JVEN	Jobs Victoria Employment Network
LTUE	Long-term Unemployed
OECD	Organisation for Economic Cooperation and Development
NGO	Non-government Organisations
PBO	Payment by Outcomes
PRF	Paul Ramsay Foundation
SES	Socioeconomic Status
VET	Vocational Education and Training
WfD	Work for the Dole
WIL	Work-Integrated Learning
WISE	Work-Integrated Social Enterprise

Executive Summary

Economic participation can be a catalyst in breaking cycles of disadvantage.

Access to sustainable, quality work can positively impact individuals' economic trajectories: supporting financial independence, reducing the likelihood of future unemployment or low wages, and leading to improvements in health and wellbeing. Longitudinal research demonstrates the intergenerational effects of employment on children's health outcomes, and the public benefits associated with employment; including enabling social connection, cohesion and civic engagement.

Purpose of this report

While the evidence of the benefits associated with sustained employment is well established, the understanding of the level and targeting of investment required to unlock these benefits is generally accepted as being less clear. Reflecting on this challenge, the Paul Ramsay Foundation commissioned Deloitte Access Economics to undertake this research.

This research collates and strengthens the existing evidence of 'what works' in which contexts, while establishing the evidence base for the type and level of resourcing needed to achieve more enduring outcomes for those facing complex barriers to work. It is designed to support the for-purpose ecosystem – including organisations delivering, funding and researching employment support programs – by synthesising evidence and developing frameworks to analyse the cost, benefits and effectiveness of different programs across different contexts.

The research is not intended to duplicate work, nor compare alternative tailored models to universal supports (the models presented in this report are not designed to operate at such scale). The case studies and examples provided demonstrate the costs and outcomes associated with tailored models of support to specific cohorts outside of the mainstream system.

Focusing on the lessons that can be learned from for-purpose organisations' employment support programs, this report sets out:

- The current nature and funding of supports - drawing on the works of Swinburne University and the University of Melbourne to present a taxonomy of transition-to-work supports; and analysing indicative flows of public funding to the support models comprising the taxonomy.
- What works in which contexts – synthesising academic literature to understand which support models and combinations of support are generally found to be effective, noting different cohorts and implementation contexts (and varying levels of available evidence on impact). Complementary case studies on the approaches taken by five organisations supported by the Paul Ramsay Foundation highlight the diversity and value of tailored supports.
- The benefits associated with achieving quality outcomes – comprising estimates from academic literature and public research on the economic and social returns to sustained employment for individuals, their families, communities and governments.
- The range of costs of delivering tailored employment programs – drawing on estimated costs associated with programs delivered by 10 partner organisations of the Paul Ramsay Foundation, this report provides an approach to estimate the range of costs associated with delivering employment programs.

Understanding 'what works'

While this research highlights the variety of interventions (and combinations of) more likely to deliver quality outcomes across contexts, it also reveals the common features of effective programs – those which are:

- **Responsive to need –** models which offer a package of supports to address distinct barriers to employment readiness and outcomes.
- **Connected across systems –** through models which embed or refer participants to receive support to address economic or social barriers to participation (such as housing, transport, language, confidence).
- **Continuous in their support –** jobseeker-focused support models that remain available after individuals transition to employment settings (at least in the short term).

- **Integrated in terms of work and learning –** for those with limited lifetime work experience, matching theoretical training with an opportunity for practical application.
- **Connected to employers** – a characteristic found to be critical in thin labour markets where enabling organisations (such as local councils, not-for-profits or community organisations) can play an important bridging role for jobseekers and employers, building capability and piloting place-based solutions.

These features speak to the importance of supports that are tailored to address the specific barriers to employment facing each participant. Maintaining this level and breadth of support for different participants requires sufficient resourcing, reiterating the importance of funding approaches that are informed by the true costs of delivery in different contexts.

Demonstrating the cost of contextualised delivery

As a demonstration exercise, this research uses cost and outcomes data from 10 of PRF's partner organisations - operating a mix of work-integrated social enterprises (WISEs), business incubators, and other employment supports - to reach the following findings regarding the cost to deliver their 13 collective employment programs:

1. The **cost per participant** (varying from $3,100 to $59,000 across program duration) presents a simple view of program costs per person, highlighting variations in the scope of support provided (including in terms of duration) and operating scale of delivery organisations.
2. The **cost per participant accounting for trading revenue** (varying from $3,100 to $60,200 across the program duration) is estimated for WISEs only, recognising a more complete set of input costs and trading revenue.[1] This approach recognises the higher cost bases some WISEs face and, for some (but not all) WISES, the role of trading revenue in meeting or partially offsetting these costs.
3. The **cost per outcome** (varying from $6,100 to $83,300) demonstrates the cost associated with achieving employment outcomes, noting that outcomes are defined with reference to delivery context.[2] This measure accounts for the costs associated with attrition (i.e., delivering support to those that do not achieve an outcome), increasing the cost per employment outcome achieved.

These results highlight the materiality and range of costs faced in delivering tailored employment programs. While the scope of this exercise has not extended to an in-depth quantification of their benefits, these models consistently apply the techniques and interventions found to be effective for individuals with complex and intersecting barriers to work.

- The range in **costs per participant** highlights the many drivers of delivery cost – program scope and breadth of activities, maturity of operations, the scale of the program, level of specialised supports, extent to which costs attract revenue, and the viability of different support models over time and across contexts. Critically, in the context of this exercise, underlying these factors is the level and nature of participant need.
- The range in **cost per outcome** demonstrates the combined impact of the cost per participant and the 'outcomes rate' (the share of participants that transition to employment). That is, an organisation with a relatively high cost per participant and high achievement of employment outcomes can maintain a relatively low cost per outcome. While this exercise applies a consistent definition to employment outcomes, there is room for organisations to continue to refine these measures to their unique circumstances – for example, via the inclusion of education and training outcomes, where appropriate.

From here, some further contextualisation and most critically a longer-term view on costs, outcomes and downstream benefits is required, to truly establish returns to investment.

The importance of longitudinal data

In seeking to confidently understand the return on investment in sustainable employment outcomes, this report highlights a need for more granular and longitudinal data in particular program contexts. This strengthened understanding of return on investment should be a shared objective, generating shared returns:

- Sector stakeholders delivering employment programs stand to benefit and learn from a longitudinal view of their (operational and cost) effectiveness, and the drivers of cost and outcomes. This evidence will be particularly valuable for newly established organisations in ensuring that the design of their program is informed by the best available evidence on which models are effective, and their variability by cohort and

[1] Non-WISEs do not operate models which attract revenue to offset delivery costs.
[2] The cost per outcome measure uses the 'cost per participant accounting for trading revenue' as the base per participant cost for WISEs.

delivery setting. This analysis will rely on an organisations' investment in data collection over time, including building this monitoring into their business-as-usual operations.

- Funders and sector stewards (including governments) play a critical role in facilitating this data collection, including through evaluation and reporting frameworks. Working with partner organisations, these funders can encourage consistency in outcomes data and feedback loops to direct investment towards models found effective in each context. Recognising that monitoring, evaluation and learning (MEL) can be resource-intensive, there is also opportunity for researchers to use large-scale administrative datasets to assess the indicators and returns to quality outcomes, which can help direct investment and aide impact measurement.

Next steps

Although this report includes preliminary cost estimates, this analysis is intended as a proof of concept for cost measurement at the participant and outcome level. The cost framework in this report, and the accompanying data tool, are designed to enable and encourage organisations (with support from government, funders and other well-positioned parties) to invest in tracking and understanding their costs and outcomes over time.

This report presents an understanding of total costs by program, participant and outcome and is intended as a starting point to relate the costs of delivery to funding (noting the importance of considering program and organisation maturity, and year-to-year changes, in relation to funding).[3] The relative breadth of the total cost approach allows this framework to be applied to the entire employment support sector.

An improved evidence base on costs and outcomes associated with specific interventions will be a catalyst to improving system outcomes, by closing gaps in evidence that inform investment and delivery decisions. Although developing the evidence base around tailored programs can be challenging (because approaches are distinct and many factors affect how outcomes are realised and measurable over time), there remains a strong impetus to invest in the evidence.

Collective efforts in this regard will help to inform effective spending of public and private funds, and at the same time improve the underlying programs/investments to support meaningful economic and social participation.

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[3] While this report focuses on total costs, it recognises the role and value of the parallel 'impact cost' framework. The impact cost framework is intended to support social enterprises to demonstrate the additional costs of social purpose as a primary goal. In this way, impact cost's application is most suited as an input to decision-making and reporting to those funders who are most interested in costs that cannot be covered by trading revenue (among WISEs), and/or to explain why returns to capital may not match market rates of return.

Key findings in this report

Chapter 2: The economic and social value of sustainable employment

This chapter summarises available evidence on, and estimates of, the benefits associated with employment. Much of the literature identified also captures the conditions necessary to unlock these benefits through sustainable employment. This chapter finds that:

1. **Transitions to employment can change an individuals' economic trajectory.** The literature highlights that employment can strengthen financial independence and reduce the likelihood of future unemployment and low wages (wage-scarring). This financial security often provides important social value, where the market benefits of employment create non-market value in the form of avoided social costs of unemployment.
2. **The economic benefits of employment can extend across generations**. Long-term analysis shows that parents overcoming persistent unemployment positively impacts the likelihood of their children's employment; while family joblessness has been correlated to poorer employment, wage and educational outcomes. In parallel, other research links parental employment to children's physical and mental health.
3. **The duration of employment reduces an individuals' likelihood of re-entering unemployment in the future.** Longitudinal analysis is reinforced by anecdotal evidence that the longer an individual is employed, the lower the risk of their transition back to long-term joblessness. This evidence does not support a conclusive or binary definition of the threshold after which employment is 'sticky'. In practice, this threshold will vary across individuals and contexts. Further investment in administrative data and analytical methods that track long-term outcomes – including dissemination in the public domain – is warranted.
4. **Outcomes measurement associated with cohorts facing complex barriers to work must take a long-term view.** Not all immediate transitions out of supported employment will be sustained, and not all jobseekers will immediately transition from employment programs to open employment. Intermediate positive transitions might include internal promotions, transitions to technical or higher education, or a move to self-employment. As outcomes measurement approaches are refined, there will be value in recognising that where transitions are aligned with jobseekers' goals, they could generate more substantial economic returns in the long-term than an immediate transition to open employment.
5. **Sustainable employment transitions are critical to unlocking many of the economic and social benefits of employment**. A sustainable employment outcome is sustainable in both *duration* (noting that period of employment might be shared across employers) and *quality*, in terms of working conditions and suitability to the participant.
6. **There is mixed evidence to support 'stepping-stone theory' (that lower-quality jobs can lead to higher-quality employment over time), which highlights the importance of context.** On one hand, there is evidence that an upfront investment aimed at securing the 'right job' may be more effective in contributing to income growth over time, even if that first transition takes longer. Other evidence suggests that with appropriate supports, jobseekers can achieve sustained increases in earnings from a variety of starting points, and that there are returns to a relatively earlier point of exposure to the labour market. This variation in evidence highlights that the suitable point of transition to work ('first job' or 'best job') will depend on the individuals' context, including the access to support which ensures any transition is sustainable.

Chapter 3: The impact of effective employment supports

This chapter summarises a taxonomy of jobseeker support models and the available evidence on what is found to be effective in different contexts and to address different needs.

1. **Tailored employment supports are effective when they can address participants' specific needs.** Different interventions appear generally effective across contexts and for jobseekers facing certain types of disadvantage – highlighting the importance of matching intervention to need. Programs which tailor supports to an individual's circumstances can achieve impact by addressing the underlying barriers to economic participation.
2. **Addressing the underlying barriers to economic participation is essential for employment programs to be effective.** Some employment programs embed support services (or referrals) to help participants address foundational barriers to economic or social participation. Examples include services to support with housing, transport, justice, safety, foundational education, English proficiency, and confidence-building. Programs

which include these supports are found to be effective in supporting sustained employment transitions given their focus on addressing the underlying barriers to economic participation.

3. **Post-placement supports contribute to sustained outcomes, by supporting jobseekers during a period of transition.** For individuals with limited lifetime work experience or requiring workplace adjustments, continued support after they transition to open employment (at least in the short-term) appears to reduce the risk of drop out. This can take the form of support for the jobseeker to navigate new employment settings and/or support to ensure employer's expectations and capability are aligned to employee readiness.
4. **In thin markets, employment solutions which are codesigned with employers appear to be the most likely to be sustained.** Enabling organisations (such as local councils, not-for-profits or community organisations) can play an important bridging role in connecting jobseekers and employers, to build capability and pilot place-based solutions. The literature comprises several examples of localised success, but it is challenging to generalise effectiveness across contexts.
5. **Programs which integrate work and learning can be most effective for jobseekers with limited lifetime work experience.** Especially for youth, models that pair theoretical training with an opportunity for practical application (e.g., apprenticeships) have been found generally more effective than standalone training – especially for youth that have been disengaged from education. Conversely, there is evidence that people with some work experience or post-school education returning to the labour market after an extended period may benefit from training or work experience programs in isolation, as a re-entry point.

Chapter 4: The cost of delivering sustainable employment outcomes

Drawing on data collected from a sample of Paul Ramsay Foundation partner organisations, this chapter begins to establish an evidence base on the range of costs of delivering innovative models of employment supports. It finds that:

1. **It is possible and meaningful to estimate costs at the participant and outcome level in the for-purpose employment sector.** The cost of delivery associated with these employment programs can be used to demonstrate the resourcing required to deliver outcomes for those facing complex barriers to employment. Importantly, these estimates can also be used to highlight variation in costs for models with specific and targeted supports. Further investment in cost collection is needed to understand how costs vary across different delivery settings or for specific cohorts.
2. **Costs associated with delivering tailored employment programs can be material, and range considerably.** This report presents new evidence on delivery costs and cost drivers from 10 organisations that partner with the Paul Ramsay Foundation. The sample of cost estimates demonstrates the considerable range of delivery costs, with cost per participant results ranging from $3,100 to $59,000 across 13 programs. This variation is a culmination of several factors – including varying program scale and scope, the differing cost bases of commercial models, and distribution of costs over time. Accounting for revenue accrued by WISEs highlights the role that revenue generating models can have in offsetting delivery costs.
3. **There is variation in the cost to achieve employment outcomes, which reflects (1) the different program durations, (2) the nature of outcomes intended and (3) the focus on strengthening pathways to employment across these models.** The cost per outcome measure ranges from $6,100 to $83,300, depending on the variation in length of journey accepted. The cost per outcome accounts for the cost of attrition where jobseekers do not successfully progress to employment. In practice, the precise distribution of costs incurred for successful and unsuccessful outcomes likely varies, depending on the type of programs and timing of attrition.
4. **The relevant cost measure and the appropriate benchmark will evolve over an organisation's (or program's) life.** For an individual organisation, the level of focus on different cost measures will vary across contexts and over time. For instance, a newly established organisation with a relatively higher share of fixed costs might place greater focus on total costs per participant; whereas a more established organisation might focus on the marginal cost associated with each additional outcome.
5. **A costing exercise of this nature is most valuable when repeated over time.** In any given year, unexpected or out-of-cycle investments may affect the cost per participant and outcome estimate (in some cases, adjustments have been made to represent a 'typical year' for demonstration organisations, where determined appropriate by the respective organisation). Costs will change as delivery models are refined – motivating a repeated cost collection exercise (to smooth disruption and minimise margins of error), and a greater focus on average cost over time (and relative cost drivers), rather than approaches that pursue precision at a point-in-time.

1 Background

This research aims to summarise and contribute to the evidence base on different models of employment support. This includes: mapping the applicability of various supports and interventions to different contexts; highlighting the benefits of employment supports to individuals, households and communities; demonstrating the range of costs and the drivers of that variation; and shedding light on high-level funding flows to different types of employment supports.

1.1 Context and objectives

The Paul Ramsay Foundation (PRF) is focused on building the evidence base of what works to break cycles of disadvantage, including the role of employment in doing so. PRF has invested over $100 million in employment related interventions directed toward approaches that: (1) invest in people to give them the best chance to thrive and transition to employment; (2) create and unlock jobs for those furthest from the labour market; and (3) contribute to shifting system and policy settings to enable economic participation and social mobility.

This report seeks to demonstrate the value of effective models of employment support, identifying the benefits that can be unlocked from models which support more sustainable outcomes – especially for those facing long term barriers to economic inclusion. In particular, the purpose of this work is to:

- understand existing evidence of the **effectiveness of tailored and innovative models of jobseeker supports** and the **benefit of employment supports beyond a job** – at the individual and societal level
- uncover the range of **costs faced in delivering employment supports**, including developing cost per participant and cost per outcome measures, where possible – and to demonstrate the range that exists across the sector
- uncover the trends in public **funding flows** toward employment supports across Australia.

This cost analysis is a demonstration exercise. It provides a proof-of-concept for estimating the costs of alternative models of jobseeker supports – in participant and outcome terms. This can inform a path toward more universal data collection that can be used to demonstrate impact more fully.

The evidence gathered in this research project is intended to contribute to a case for change towards a revised portfolio of public and private investment in employment supports, designed with reference to:

- the available evidence on what works for different needs
- the potential benefits associated with successful outcomes
- the range of costs involved in delivering good quality and sustainable outcomes for people.

In parallel, this work seeks to strengthen sector capability by providing a demonstrative analysis and tools to collect cost and outcomes data to continue to strengthen the evidence. This research is not intended to duplicate work to inform the design of the Workforce Australia model, nor compare these alternative models to universal supports. Indeed, the models presented in this report are not designed to operate at such scale. Rather, the case studies and examples provided demonstrate the costs and outcomes associated with tailored models of support to specific cohorts outside of the mainstream system.

The organisations contributing to this research

The sample of 10 organisations was invited by the Paul Ramsay Foundation to provide data and insight for this study. Deloitte Access Economics worked closely with these organisations to undertake the detailed costing analysis, and to co-design the generalisable cost tool. The more detailed analysis which comprises costing at a program and organisational level is excluded from this report, with the key findings from that analysis published with permission from each organisation in this report. The comprises a variety of organisation types (work integrated social enterprises (WISEs), entrepreneurship incubators, training programs), each with a different program design and duration, targeting different cohorts. The organisations also vary in maturity, scale and available data on outcomes. These organisations' diverse perspectives and starting points reiterate that the project set out to design a generalisable cost framework, rather than to produce benchmark results for the sector or to compare costs across contexts. A larger, repeated costing exercise would be necessary to achieve those results, and there is an opportunity to use this proof-of-concept and momentum to build that evidence base over time.

1.2 Approach

This work is partly an exercise in bringing together evidence from across the sector to build a taxonomy of support models and interventions, and the supporting evidence on the funding and benefits of these models, into a consolidated evidence base. It builds on this through a series of case studies with a sample of PRF partner organisations to demonstrate the range in costs of delivering tailored employment supports – and the potential to build a more robust evidence base, over time.

The research covers five dimensions:

1. **Identifying the models of support used across the employment system.** This work presents a taxonomy of employment support models that can be used to organise evidence on outcomes, benefits, and costs. Recognising that the objectives and intended outcomes of support programs vary, it presents a series of considerations to define and assess 'sustainable job outcomes' across the employment services system.
2. **Assessing the evidence on 'what works', for who and in which contexts.** Mapping evidence from the literature against the taxonomy, this work demonstrates the variation in available evidence across models. It highlights the contexts in which tailored supports are most effective and the lessons which can be learned from models which are less effective for some cohorts, and can be used to identify models where additional evidence would help strengthen the reliability of the findings.
3. **Mapping funding flows across the sector.** Understanding the relative levels of investment in different types of supports by key system stakeholders (public and private) is a contextual exercise that can be used to understand the relative alignment of funding to evidence (noting this does not necessarily account for cohort sizes and relative suitability to different contexts).
4. **Analysis of the potential benefits of more innovative and tailored models of jobseeker support, informed by academic literature and accompanying case studies.** This chapter considers the potential value generated for the individual accessing employment, and the flow-on impacts of a transition from long-term unemployment for individuals' families, communities, and governments. These case studies intentionally provide examples of impact across organisations of differing type, focus and maturity, and a range of cohorts of focus, interventions and geographies – factors which drive both cost and outcomes. The case studies are designed to illustrate this variation in impact, rather than as a point of comparison across models and organisation types.
5. **Establishing a cost framework for jobseeker support models, and utilising this to estimate costs for a select number of programs (or organisations).** This exercise has involved developing a cost framework for understanding total costs of program delivery at the participant and outcome level and collecting and analysing costing information from a sample of 10 PRF partner organisations.

The evidence-gathering process across these five dimensions of enquiry involved triangulating evidence from:

- A literature review of academic work, program evaluation, policy reviews and other secondary sources to consolidate the existing evidence on available employment supports in Australia and their outcomes. This informed the taxonomy of employment supports, an organising framework for this research.
- An accompanying desktop review focused on publicly available government expenditure statements was used to track funding flows and investments in various jobseeker support models.
- Consultations with a series of academic leaders with expertise in for-purpose models, economic inclusion and employment services, to further direct the research and analysis.
- Engagement with the for-purpose employment sector in the form of a cost collection exercise with PRF program partners, followed by quantitative and qualitative analysis of the data and insights collected.

2 The economic and social value of sustainable employment outcomes

Sustainable employment can change the trajectory for a jobseeker and their family's livelihoods, generating economic and social benefits for the household and society. The evidence on the benefits of transitions from long-term joblessness to employment motivates investment in models which can realise these outcomes. This chapter synthesises available evidence which quantifies those benefits, and which identifies the conditions necessary to unlock these benefits through sustainable employment.

Key findings

1. **Transitions to employment can change an individuals' economic trajectory.** The literature highlights that employment can strengthen financial independence and reduce the likelihood of future unemployment and low wages (wage-scarring). This financial security often provides important social value, where the market benefits of employment create non-market value in the form of avoided social costs of unemployment.
2. **The economic benefits of employment can extend across generations**. Long-term analysis shows that parents overcoming persistent unemployment positively impacts the likelihood of their children's employment; while family joblessness has been correlated to poorer employment, wage and educational outcomes. In parallel, other research links parental employment to children's physical and mental health.
3. **The duration of employment reduces an individuals' likelihood of re-entering unemployment in the future.** Longitudinal analysis is reinforced by anecdotal evidence that the longer an individual is employed, the lower the risk of their transition back to long-term joblessness. This evidence does not support a conclusive or binary definition of the threshold after which employment is 'sticky'. In practice, this threshold will vary across individuals and contexts. Further investment in administrative data and analytical methods that track long-term outcomes – including dissemination in the public domain – is warranted.
4. **Outcomes measurement associated with cohorts facing complex barriers to work must take a long-term view.** Not all immediate transitions out of supported employment will be sustained, and not all jobseekers will immediately transition from employment programs to open employment. Intermediate positive transitions might include internal promotions, transitions to technical or higher education, or a move to self-employment. As outcomes measurement approaches are refined, there will be value in recognising that where transitions are aligned with jobseekers' goals, they could generate more substantial economic returns in the long-term than an immediate transition to open employment.
5. **Sustainable employment transitions are critical to unlocking many of the economic and social benefits of employment**. A sustainable employment outcome is sustainable in both *duration* (noting that period of employment might be shared across employers) and *quality*, in terms of working conditions and suitability to the participant.
6. **There is mixed evidence to support 'stepping-stone theory' (that lower-quality jobs can lead to higher-quality employment over time), which highlights the importance of context.** On one hand, there is evidence that an upfront investment aimed at securing the 'right job' may be more effective in contributing to income growth over time, even if that first transition takes longer. Other evidence suggests that with appropriate supports, jobseekers can achieve sustained increases in earnings from a variety of starting points, and that there are returns to a relatively earlier point of exposure to the labour market. This variation in evidence highlights that the suitable point of transition to work ('first job' or 'best job') will depend on the individuals' context, including the access to support which ensures any transition is sustainable.

2.1 The economic and social benefits of employment

Understanding the economic benefits of employment – to individuals, their families, society, and to governments – informs a case for investment in a portfolio of jobseeker supports that, together, are more likely to generate these outcomes. This case is most compelling when made with reference to a 'sustainable' employment outcome (as distinct from employment in 'any job') – a concept discussed in Section 2.1.2 below.

Unemployment and labour force disengagement are costly, causing economic and social exclusion for individuals and impacting society and governments. Supporting employment benefits individuals and families, and offers advantages for governments and broader society. Beyond income gains, employment improves health, reduces welfare costs, boosts tax revenue, and mitigates the social impacts of unemployment.

These costs are starker in the case of long-term unemployment. The longer individuals remain out of work, the more difficult it becomes for them to re-enter the workforce and secure stable employment, perpetuating a cycle of joblessness.[4] This can lead to a 'scarring' effect on earnings and employment prospects, causing previously long-term unemployed individuals to experience poorer outcomes even after they have re-entered employment.[5] Long-term unemployment intersects significantly with experiences of disadvantage and poverty, being the primary cause of economic hardship in the Australian community. [6] These hardships exacerbate barriers to economic inclusion, reinforcing exclusion and entrenched disadvantage.

These benefits can be seen across the employment system (Figure 2.1):

- Transitioning to sustainable and suitable work can change economic trajectories for the **individual** – with the literature highlighting the role of employment in strengthening financial independence, reducing the likelihood of future unemployment or low wages (wage-scarring), and improving health and wellbeing.
- The economic benefits of employment transitions extend **across generations**. Long-term analysis shows that overcoming persistent unemployment positively impacts the employment and wellbeing outcomes of individuals' children and families, now and into the future.
- Financial security often provides important **social value**, where the market benefits of employment flow-on to non-market value associated with the avoided social costs of unemployment.
- An increase in economic participation results in **value to government** in the form of both additional tax receipts and the avoided costs associated with the delivery of economic and social support services.

This evidence reiterates the public returns to employment which flow from the individual level returns. There is limited evidence available on the ratio of public (to society and governments) and private (to individuals and their households) benefits associated with employment. However, estimates in the education context are that 55% of the benefits associated with higher education are public benefits, in the form of downstream returns to government and society associated with education attainment and subsequent economic and civic participation. [7] Other evidence highlights the social costs of unemployment which are avoided when economic participation grows. For example, the cost associated with young people not in full-time work or study at age 24, who remain disengaged, is estimated to comprise 73 per cent social costs relative to fiscal impacts.[8] Further analysis in the educational context finds that 65 per cent of the costs associated with individuals leaving education early are social impacts.[9]

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[5] McLachlan, R., Gilfillan, G. & Gordon, J, 'Deep and Persistent Disadvantage in Australia' (2013) *Productivity Commission Staff Working Paper* <https://www.pc.gov.au/research/supporting/deep-persistent-disadvantage/deep-persistent-disadvantage.pdf>.
[6] Parliament of Australia, *A hand up not a hand out: Renewing the fight against poverty - Report on poverty and financial hardship* (Inquiry into Poverty and Financial Hardship, 11 March 2004) <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Completed_inquiries/2002-04/poverty/index>.
7 Deloitte Access Economics (2016), 'Estimating the public and private benefits of higher education' <https://www.education.gov.au/higher-education-reviews-and-consultations/resources/estimating-public-and-private-benefits-higher-education>
[8] Lamb, S. & Huo, S, 'Counting the costs of lost opportunity in Australian education' (2017) No. 02/2017 *Mitchell Institute report* <https://content.vu.edu.au/sites/default/files/media/counting-the-costs-of-lost-opportunity-in-aus-education-mitchell-institute.pdf>
[9] Ibid.

Figure 2.1: Benefits of sustainable employment for jobseekers facing multiple and complex barriers to work

Individuals

Income and future earnings

Employment provides immediate income and long-term earning benefits, as the impact of 'wage scarring' is reduced. On average, long-term unemployment leads to 32% lower earnings compared to non-displaced workers a decade after re-employment.[1]

Enhanced health and wellbeing

The impact of employment on wellbeing is estimated to equate to one-time payment of $16,000.[2]

Children and families

Intergenerational employment

Employment benefits families by strengthening children's future job prospects. Children exposed to dual-parent joblessness are 12% more likely to face unemployment as adults.[3]

Enhanced health and wellbeing

Children facing economic disadvantage demonstrate an increased likelihood of experiencing deprivation across multiple health and wellbeing indicators.[4]

Society

Reduced welfare dependence

Enhancing sustainable employment reduces welfare dependency, lessening the need for higher government taxation. On average, efficiency gains from moving from unemployment to employment are estimated at $1,304 per person annually.[5]

Social cohesion

Sustained employment has positive spill-over effects for communities' social cohesion. On average, the social costs associated with individuals being disengaged from full-time work or study at age 24 are estimated at $516 per person.[6]

Government

Increased tax revenue

Rising employment levels broaden the tax base. Transitioning one adult from each long-term jobless family into comparable employment would increase Australian government tax revenue by $1.55 billion annually and save $5.74 billion in income transfers.[7]

Reduced public service costs

Employed individuals tend to require less intensive support from publicly funded supports including healthcare, justice, housing, and community services. Transitioning DES participants and individuals with disabilities on jobactive into part-time work could reduce healthcare spending by $119 per person on average annually.[8]

Avoided costs of employment service provision

Each disadvantaged jobseeker commencement through Workforce Australia providers costs the system about $14,000.[9]

Reduced income support payments

On average, each person with a disability who transitions into employment enables a saving in income support payments between $10,300 to $11,000 annually.[10]

Notes: Figures have been adjusted to reflect values in 2023 dollars.

Sources: 1 Cooper (2014), 2 Lateral Economics (2011); 3 Mooi-Reci et al (2019); 4 Melhuish et al (2024); 5 Deloitte Access Economics (2023); 6 Lamb & Huo (2017), 7 Mohanty et al (2016); 8 Parliamentary Budget Office (2022); 9 Centre of Research Excellence in Disability and Health (2022); 10 The South Australian Centre for Economic Studies (2019);

2.1.2 Importance of sustainable employment in generating benefits

Sustainable employment is crucial in breaking cycles of disadvantage and poverty.[10] However, many jobseekers face ongoing barriers to sustainable employment (and educational opportunities) due to structural and systemic issues, and can find themselves caught in a cycle between temporary jobs and employment services.[11] The emphasis of some employment service providers on securing any job, rather than meaningful employment aligned with jobseekers' skills and interests, results in low-quality work and high turnover rates, with about 44 per cent of jobseekers leaving their placement within 12 weeks.[12] This pattern of short-term employment and its associated churn perpetuates long-term harm and imposes significant costs.[13]

The role of sustained employment (duration)

While the literature reiterates that a sustained or suitable employment outcome is critical to break cycles of intergenerational unemployment, there is a lack of consensus on the definition of 'quality employment'. For example, the qualitative and quantitative research conducted as part of this study has brought forward the following perspectives, evidence and theories:

- **The longer, the better:** Academic work demonstrates that the longer an individual is employed, the lower the likelihood they become long-term unemployed again, though there is not yet conclusive evidence on the threshold after which employment is found to be 'sticky'.
- **Traditional measures are not predictive:** Reflecting on variation in the outcomes sought by individual participants, it is noted that traditional 12, 26 and 52-week outcome measures for jobseekers cannot be established (using the publicly available evidence) as thresholds with predictive power over future outcomes. This noted, some providers still use these measures to monitor their performance, noting: that they highlight progress toward enduring outcomes ('the longer the better'); that the 26-week outcome is aligned to a standard probationary period; and that the measures provide a point of comparison against other employment service systems.
- **'Stepping-stone theory'**: The evidence on whether lower-quality jobs can lead to higher-quality employment is mixed, and likely has cohort and context determinants. Some studies indicate that substantial skills investments aimed at securing the 'right job' may be more effective for achieving sustainable long-term incomes (and outcomes) than strategies that prioritise immediate employment.[14] Research suggests that working in a job that underutilises one's skills can raise the risk of unemployment and impede future wage growth.[15] However, some evidence suggests that with appropriate supports during employment, jobseekers can achieve sustained increases in earnings.[16]

Against that context, this work does not seek to measure a sustainable outcome for the case study organisations. Rather, it seeks to demonstrate the outcomes which for-purpose models aim to achieve for participants and highlight the associated economic and social value.

Assessing the quality of employment outcomes

The International Labour Organization (ILO) defines decent work as "productive work for women and men in conditions of freedom, equity, security and human dignity". In general, work is considered as decent when:

- **Fair wages:** fair pay, allowing individuals to meaningful engage in society
- **Secure employment:** stable income and protections against dismissal or unfair treatment
- **Safe conditions:** safe environments, promoting worker wellbeing and ensuring equal opportunities
- **Social protection:** entitlements to social security benefits to safeguard their livelihoods

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[10] Parliament of Australia, *Living on the Edge – Final Report* (Inquiry into Intergenerational Welfare Dependence, 22 March 2019) <https://www.aph.gov.au/Parliamentary_Business/Committees/House/Former_Committees/Intergenerational_Welfare_Dependence/IGWD/Final_Report>.

[11] Government of Australia, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>.

[12] Ibid.

[13] Parliament of Australia, *Rebuilding Employment Services* (Inquiry into Workforce Australia Employment Services, 30 November 2023) <https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Report>.

[14] Learning and Work Institute, *Evidence review: Supporting progression from low pay* (July 2019) <https://learningandwork.org.uk/wp-content/uploads/2020/04/WWU-Evidence-review-Supporting-progression-from-low-pay.pdf>.

[15] de Fontenay, C., Lampe, B., Nugent, J. and Jomini, P, 'Climbing the jobs ladder slower: Young people in a weak labour market' (2020) *Productivity Commission Staff Working Paper* <https://www.pc.gov.au/research/supporting/jobs-ladder/jobs-ladder.pdf>.

[16] Hendra, R., Riccio, J., Dorsett, R., Greenberg, D., Knight, G., Phillips, H., Robins, K., Vegeris, S., Walter, J., Hill, A., Ray, K. & Smith, J, 'Breaking the low-pay, no-pay cycle: Final evidence from the UK Employment Retention and Advancement (ERA) demonstration' (2011) Research Report No 765 *Department for Work and Pensions* <https://assets.publishing.service.gov.uk/media/5a7ca330ed915d6969f46492/rrep765.pdf>.

- **Social dialogue:** fosters open communication, allowing constructive discussion on work-related issues
- **Labour rights and standards:** upholds fundamental labour rights and international standards.[17]

In understanding sustainable employment in the Australian context, consultations with leaders in academic research on labour market policy and the for-purpose sector revealed some additional considerations:

- **Sustained employment is a critical enabler of outcomes but is not a suitable standalone measure.** There is consensus that longer employment durations are associated with better outcomes and lower unemployment risk, but no universally agreed stability threshold. While many programs assess success based on 26- and 52-week outcomes to align with government standards, these measures often fall short of predicting long-term sustainability accurately. While some organisations support this timeframe for measurement, others (e.g., those assisting clients in transitioning to self-employment) have suggested a three-year period of transition to navigate different personal and business challenges, recognising the lack of support in a self-employment model.
- **A transition to open employment is not necessarily an immediate goal for all jobseekers.** Some organisations that work with participants facing complex and intersecting barriers to work see their program as a starting point for a transition towards open employment. For instance, some programs focus on providing work experience or skill building but recognise that additional supports or brokerage with employment might be needed to enable employment outcomes. Positive transitions in that context might include internal promotions, further education, employment with another WISE or self-employment.
- **Choice is important, as a suitable outcome depends on an individual's circumstances.** Emphasis should be placed on achieving meaningful, fulfilling and feasible job outcomes at the individual level. For example, increased hours and full-time work are not always beneficial with some barriers limiting the extent to which this can be maintained. Some jobseekers may require ongoing support (including the Disability Support Pension) to access the assistance and resources needed for their success and wellbeing. In a similar way, aligning job opportunities with the skills and interests of jobseekers can help ensure long-term success.
- **Outcome measurement should recognise where transitions are aligned with jobseekers' goals, they could generate more substantial economic returns in the long-term.** Supported employment (in a WISE or similar) can serve as a valuable safety net for jobseekers seeking open employment or pursuing training, and some programs actively support participants to make those transitions. At the point of transition out of the WISE, some employment outcomes are poorer for individuals (for example, relative to full-time employment within the WISE), who may reduce their work hours while pursuing further education or enter a period of unemployment as they trial jobs in the open market.

The importance of sustainable employment in realising the benefits outlined in the below sections reinforces the need to consider the design and funding of appropriate and quality supports. This includes some literature noting the potential for net costs associated with placements which are not suitable to individuals' need or conducive to their wellbeing.

2.1.3 Evidence from the literature: the economic and social benefits of employment

Income and future earnings

Decent employment is a key source of income generation, supporting access to economic resources, improving material wellbeing, and lifting people out of financial hardship.[18]

Studies consistently confirm a strong correlation between unemployment and future employment prospects. There is a notable negative association between the duration of unemployment and the probability of finding employment, indicating that the longer someone remains unemployed, the lower their chances of finding a job. Research conducted by the Reserve Bank of Australia (RBA) indicates that while 23 per cent of short-term unemployed individuals transition into employment each month, this rate is much lower for long-term unemployed individuals, who are less than half as likely to transition into employment monthly.[19] Other Australian

[17] 'Employment and decent work', *European Commission*, < https://international-partnerships.ec.europa.eu/policies/sustainable-growth-and-jobs/employment-and-decent-work_en>.
[18] New Zealand Ministry for Primary Industries, *The social value of a job* (December 2014) <https://www.mpi.govt.nz/dmsdocument/5266-The-social-value-of-a-job>.
[19] Reserve Bank of Australia, *Long-term Unemployment in Australia* (December 2020) <https://www.rba.gov.au/publications/bulletin/2020/dec/long-term-unemployment-in-australia.html>.

studies have found that the likelihood of finding work also diminishes with each subsequent spell of joblessness experienced.[20]

Prolonged periods of unemployment can have significant impacts on earnings. Studies indicate that individuals who experience long-term unemployment typically earn less when they secure new jobs.[21] Compared to short-term unemployed individuals, those previously long-term unemployed earn considerably lower wages upon re-employment, even after adjusting for factors like age and experience.[22]

The adverse impacts of unemployment on earnings can endure, affecting future income prospects. Analysis conducted in the United States reveals that prolonged periods of unemployment lead to reduced earnings, with this disparity lasting up to two decades. Specifically, after 10 years, workers who experienced unemployment lasting 26 weeks or more had wages approximately 32 per cent lower than those who did not face job displacement, while individuals previously short-term unemployed experienced a 9 per cent wage reduction.[23]

For young individuals, a delay in securing full-time employment after education harms earnings due to lost income, reduced experience, and skills atrophy. A 12-month delay decreases lifetime earnings by about $50,000 (in 2018 dollars), rising to $150,000 with a 36-month delay. Where this adversely impacts mental health, lifetime earnings can be reduced by up to $250,000 with a 36-month delay, and impact superannuation balances by around $62,000.[24] Extended periods of unemployment also lead to skill deterioration, with a 12-month non-employment period reducing an individual's skill rating by five percentage points.[25] This incurs a substantial economic cost, with skill decline among long-term unemployed estimated at $8.8 billion (in 2010 dollars).[26]

Health and wellbeing

Employment is associated with lower mortality rates, reduced healthcare use and improved mental wellbeing. This effect is particularly pronounced for individuals with disabilities and those experiencing mental illness, where employment is correlated to improvements in overall wellbeing.[27]

Sustainable employment that aligns with skills and personal values and which offers a sense of control and satisfaction, plays a vital role in enhancing wellbeing.[28] Sustainable employment outcomes are found to strengthen self-identity, confidence, self-esteem, and independence, especially among young individuals and those with disabilities. Meaningful employment not only provides a sense of purpose and social status but also contributes positively to life satisfaction.[29] Analysis of the Household, Income and Labour Dynamics Australia (HILDA) survey finds that in the first year of unemployment, life satisfaction declines by approximately 1.6 percentage points, with a continued decrease of 0.8 percentage points over time, with the estimated cost of the adverse impact of unemployment on wellbeing estimated at $11,500 (in 2010 dollars).[30]

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[20] Borland, J, 'Scarring effects: A review of Australian and international literature' (2020) 23(2) *Australian Journal of Labour Economics* <https://ftprepec.drivehq.com/ozl/journl/downloads/AJLE232borland.pdf>.

[21] Nichols, A., Mitchell, J. & Lindner, S, 'Consequences of Long-Term Unemployment' (2013) *Urban Institute* <https://www.urban.org/sites/default/files/publication/23921/412887-Consequences-of-Long-Term-Unemployment.PDF>; Cooper, D, 'The Effect of Unemployment Duration on Future Earnings and Other Outcomes' (2014) 13(8) *Federal Reserve Bank of Boston Working Papers.*

[22] Cassidy, N., Chan, I., Gao, A. & Penrose, G, 'Long-term Unemployment in Australia' (2020) *Reserve Bank of Australia Bulletin* <https://www.rba.gov.au/publications/bulletin/2020/dec/pdf/long-term-unemployment-in-australia.pdf>.

[23] Ibid.

[24] Lateral Economics, *Youth Resilience and Mental Wellbeing: The economic costs of delayed transition to purposeful work* (report commissioned for VicHealth, 1 October 2018) <https://www.vichealth.vic.gov.au/sites/default/files/Youth-Resilience-and-Mental-Wellbeing-Economic-Model.pdf>.

[25] Edin, P. & Gustavsson, M, 'Time Out of Work and Skill Depreciation' (2004) as cited in McLachlan, R., Gilfillan, G. & Gordon, J, 'Deep and Persistent Disadvantage in Australia' (2013) *Productivity Commission Staff Working Paper* <https://www.pc.gov.au/research/supporting/deep-persistent-disadvantage/deep-persistent-disadvantage.pdf>.

[26] Fairfax Media & Lateral Economics, 'The Herald/Age – Lateral Economics Index of Australia's Wellbeing' (2011) as cited in Per Capita, Submission No 15 to the Parliament of Australia, *Inquiry into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia* (30 September 2019).

[27] Ibid; The Australia Institute Centre for Future Work, *Inclusive and Sustainable Employment for Jobseekers Experiencing Disadvantage: Workplace and Employment Barriers* (report commissioned for Jobsbank, April 2023) <https://futurework.org.au/wp-content/uploads/sites/2/2023/05/Barriers_to_Sustainable_Emplt_Centre_for_Future_Work-April_2023.pdf>; Qian, J., Riseley, E. & Barraket, J, 'Do employment-focused social enterprises provide a pathway out of disadvantage? An evidence review' (2019) *The Centre for Social Impact Swinburne* <https://apo.org.au/sites/default/files/resource-files/2019-08/apo-nid251711.pdf>; Centre of Research Excellence in Disability and Health, *Impact of Part Time Work for People with Disability* (June 2022) <https://www.unsw.adfa.edu.au/sites/default/files/documents/RFQ07019_MSPGH_CRE_DH_Wise_Employment_Report.pdf>.

[28] Ibid.

[29] Ibid.

[30] Fairfax Media & Lateral Economics, *The Herald/Age – Lateral Economics Index of Australia's Wellbeing* (December 2011) <https://lateraleconomics.com.au/wp-content/uploads/2014/02/Fairfax-Lateral-Economics-Index-of-Australias-Wellbeing-Final-Report.pdf>.

Intergenerational benefits

Employment has positive effects on both individuals and their families. A New Zealand study found that having at least one employed person in a household decreases the likelihood of children facing future unemployment.[31] Further, the Melbourne Institute found that children exposed to dual-parent joblessness were 12 per cent more likely to experience joblessness as adults.[32]

This extends beyond employability outcomes to income generation. For example, conditional on employment, a 10 per cent increase in the time spent with jobless parents is correlated with a 1 per cent reduction in wages later in life (controlling for demographic background). The estimated associations are partly due to differences in household income available for children's education.[33]

Prolonged family joblessness can hinder children's skill development and diminish their motivation for success in education and employment.[34] Among youth, parental joblessness correlates with higher chances of high school dropout and lower chances of university enrolment.[35] Young people from jobless families are twice as likely as their counterparts to express dissatisfaction with their studies.[36]

Sustainable employment outcomes positively impact on the wellbeing of families. Research suggests that children in households with working parents, especially when the job provides a living wage, experience enhanced wellbeing. Specifically, when one or both parents have been employed in the past six months, children have lower rates of chronic illness, psychosomatic symptoms, and improved overall wellbeing. Moreover, family economic stability reduces the likelihood of psychological distress in children.[37]

Research has linked extended periods of family joblessness to adverse effects on children's development and wellbeing, including reduced cognitive, emotional, and physical outcomes, along with increased likelihood of experiencing deprivation across multiple health and wellbeing indicators.[38] Research indicates that economically disadvantaged children—identified by parents receiving specific benefits or having household earnings below $30,800—show poorer performance across all cognitive and socio-emotional development measures compared to their non-economically disadvantaged counterparts.[39,40] Moreover, experiencing parental joblessness during early childhood (0-5 years) reduces young adults' life satisfaction by an average of 0.59 points, while experiencing it between ages of 11 to 15 lowers life satisfaction by about 0.34 points on a 10-point scale.[41]

The avoided costs to government

Costs associated with repeat employment services

In Australia, annual expenditure on employment services ranges from $1.2 to $1.3 billion per year, translating to approximately $1,600 spent per participant annually. [42] For more disadvantaged jobseekers engaged with Workforce Australia Employment Services Providers, estimates indicate an expenditure of around $14,000 per jobseeker commencement.[43] These costs are significant when considering that jobseekers facing the most

[31] New Zealand Ministry for Primary Industries, *The social value of a job* (December 2014) <https://www.mpi.govt.nz/dmsdocument/5266-The-social-value-of-a-job>.
[32] Mooi-Reci, I,, Wooden, M. & Curry, M, 'Does having jobless parents damage a child's future' (2019) No. 04/19 *Melbourne Institute* <https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0005/3232868/ri2019n04.pdf>.
[33] Ibid.
[34] Australian Institute of Health and Welfare, *Family economic situation* (25 February 2022) <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/income-finance-employment/family-economic-situation>.
[35] Coelli, M, 'Parental Job Loss, Income Shocks and the Education Enrolment of Youth' (2009) Research Paper Number 1060 *University of Melbourne Department of Economics Research Paper* <https://fbe.unimelb.edu.au/__data/assets/pdf_file/0015/801123/1060.pdf>.
[36] Mission Australia, *The impact of family jobless on the school to work transition: Young people's insights and concerns* (2014) <https://www.missionaustralia.com.au/publications/youth-survey/242-the-impact-of-family-joblessness-on-the-school-to-work-transition-2014/file>.
[37] Ibid.
[38] Australian Institute of Health and Welfare, *Australia's children* (25 February 2022) <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/income-finance-employment/family-economic-situation>.
[39] This amount has been changed from £16,190 to AUD with the exchange rate of 1.90 on 13 May 2024.
[40] Melhuish, E. & Gardiner, J, 'The impact of non-economic and economic disadvantage in pre-school children in England' (2024) *NESTA* <https://www.nesta.org.uk/report/the-impact-of-non-economic-and-economic-disadvantage-in-pre-school-children-in-england/>.
[41] Nikolova, M. & Nikolaev, B, 'Family matters: involuntary parental unemployment during childhood and subjective well-being later in life' (2018) No. 212 *GLO Discussion Paper* <https://www.econstor.eu/bitstream/10419/178633/1/GLO-DP-0212.pdf>.
[42] Parliamentary Budget Office, *Request for budget analysis* (prepared for the Select Committee on Workforce Australia Employment Services, 2 November 2022) <https://www.pbo.gov.au/sites/default/files/2023-05/Expenditure%20on%20employment%20services%20PDF.pdf>; ACOSS and Jobs Australia, *Faces of Unemployment* (2020) <https://www.acoss.org.au/faces-of-unemployment-2020/>.
[43] Ibid.

barriers to sustainable employment frequently re-engage with the system; 57 per cent of jobseekers placed in jobs become unemployed at or before 26 weeks, for financial year (FY) 2021-22.[44]

Outcomes for participants in Disability Employment Services (DES) have been estimated as far lower, and at higher costs to operate. A 2021 review of DES estimated the average expenditure per 26-week employment outcome, calculated as the total provider fees paid divided by the number of 26-week employment outcomes achieved, to be $38,400 in 2020.[45] This figure varied widely, ranging from $17,000 to $81,000, reflecting the diversity in the complexity of jobseeker needs.

Reduced income transfers and increased tax revenue

Reflecting the wage uplifts associated with employment, there is a dual effect on government surplus by: (a) increasing taxation revenue through an expanded tax base; and (b) reducing expenditure associated with direct welfare payments. Multiple Australian studies have quantified these benefits with reference to specific cohorts:

- Transitioning one adult from each long-term jobless family into employment (an estimated 299,300 individuals at the time of the study) could potentially save the Australian Government $4.37 billion in income transfers (factoring in family income support) annually, with a tax revenue increase of $1.18 billion (in 2011-12 dollar terms). These estimates match profiles to the average earnings of peers in age, gender, education, and location. That is, assuming immediate employment comparable to peers not experiencing long-term joblessness.[46]
- A 1000-person rise in employment of people with a disability who are currently looking, or intending to start looking for employment, could save $8.9 to $9.5 million in annual income support payments and boost GDP by $69.7 to $72.6 million per year (in 2020 dollar terms).[47]
- A 10 per cent improvement in employment outcomes for a year's intake of humanitarian migrants (approximately 17,500 migrants) could yield a $465 million increase in national income and generate $175 million in benefits to the Australian Government, stemming from decreased welfare spending and increased tax revenue.[48]
- Addressing wage scarring, by supporting transitions from lower-skilled occupations to those commensurate with education or experience can deliver public returns. A scenario analysis of the impact of addressing underutilisation in the migrant community found that Australia's GDP would grow by an additional $9 billion each year and that 44,000 FTE jobs would be supported should underutilised migrants (across the skilled, family and humanitarian streams) be better supported to work to their qualified skill level.[49]

Reduction in the costs associated with unemployment

Enhancing employment outcomes among jobseekers frequently correlates with decreased public expenditure in the form of direct expenditure (increased tax revenue and reduced income transfers) and through indirect expenditure, including in healthcare, justice, housing, and community services.

Research points to the benefits for certain cohorts facing barriers to employment, finding that:

- Transitioning DES participants and individuals with disabilities on jobactive into part-time work would reduce healthcare spending by $113 per person annually (in 2022 terms) and government health service spending by 7 per cent.[50]

[44] Department of Education, Skills and Employment, *2021-22 DESE Annual Report* (19 October 2022) <https://www.education.gov.au/about-department/resources/2021-22-dese-annual-report>.
[45] Boston Consulting Group, *Mid-term Review of the Disability Employment Services (DES) Program* (report commissioned by the Department of Social Services, August 2020) <https://www.dss.gov.au/sites/default/files/documents/05_2021/des-mid-term-review-august-2020-v2.pdf>.
[46] Mohanty, I., Tanton, R., Vidyattama, Y. & Thurecht, L, 'Estimating the fiscal costs of long-term jobless families in Australia' (2016) 51(1) *Australian Journal of Social Issues* <https://onlinelibrary.wiley.com/doi/epdf/10.1002/j.1839-4655.2016.tb00366.x?saml_referrer>.
[47] The South Australian Centre for Economic Studies, *Disability Employment Landscape Research Report* (report commissioned by Disability and Carer Reform Branch Department of Social Services, Precincts and Regions, September 2019) <https://www.dss.gov.au/sites/default/files/documents/12_2021/disability-employment-landscape-research-report.pdf>.
[48] Centre for Policy Development, 'Settling Better: Reforming refugee employment and settlement services' (2017) as cited in Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020).
[49] Deloitte Access Economics for Settlement Services international (2024) *Billion Dollar Benefit: The economic impact of unlocking the skills potential of migrants in Australia* <https://www.ssi.org.au/wp-content/uploads/2024/06/DAE_SSI_Skills_Mismatch_Report_19062024_WEB.pdf>
[50] Centre of Research Excellence in Disability and Health, *Impact of Part Time Work for People with Disability* (June 2022) <https://www.unsw.adfa.edu.au/sites/default/files/documents/RFQ07019_MSPGH_CRE_DH_Wise_Employment_Report.pdf>.

- Increasing First Nations Australian employment rates lowers the chances of arrest by 15 per cent and incarceration by 3 per cent, evidence which suggests that closing the employment gap for First Nations Australians would have major flow on impacts for self-determination and social outcomes.[51]

The avoided social costs to communities

Promoting sustainable employment has significant positive spillover effects for communities. Academic research shows that employment fosters greater social cohesion, reduces crime rates, and diminishes economic and social inequalities.[52]

Conversely, unemployment brings detrimental consequences to communities. Studies link unemployment to higher crime and recidivism rates.[53] Job loss can erode an individual's sense of belonging, creating mistrust towards employers, government, neighbours and friends, which can reduce social participation and civic engagement.[54] Concentrated unemployment within communities reduces available resources, impacting service availability, housing quality, fundraising capabilities, and contributes to a sense of general unrest.[55]

While quantifying the social costs of unemployment to communities is challenging, studies often assess the social costs from increased crime and vandalism linked to unemployment. The Mitchell Institute's study found that those not in full-time work or study at age 24, who then remain disengaged, incur annual social costs of crime amounting to $2,000 per person (in 2014 dollars), with the social cost of crime estimated at eight times the fiscal costs of crime to government on average (but known to vary across different cohorts).[56]

Research underscores the importance of measuring economic efficiency gains for communities resulting from reduced reliance on welfare support. Enhanced sustainable employment reduces welfare dependency, lessening the need for higher government taxation. Conversely, persistent unemployment may lead to tax hikes to fund government programs, causing economic distortions, including impacting incentives to work. According to Deloitte Access Economics' 2023 assessment of Community Hubs Australia, the efficiency gains from reduced welfare demand were estimated at $1,304 per person annually (in 2023 dollars).[57]

[51] Gray, M., Hunter, B. & Biddle, N, 'The Economic and Social Benefits of Increasing Indigenous Employment' (2014) No. 1/2014 *Centre for Aboriginal Economic Policy Research* <https://caepr.cass.anu.edu.au/sites/default/files/docs/Topical_Issue_01-2014_GrayHunterBiddle_EconomicSocialBenefitsIndigenousEmployment_0.pdf>.
[52] Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>.
[53] Gray, M., Hunter, B. & Biddle, N, 'The Economic and Social Benefits of Increasing Indigenous Employment' (2014) No. 1/2014 *Centre for Aboriginal Economic Policy Research* <https://caepr.cass.anu.edu.au/sites/default/files/docs/Topical_Issue_01-2014_GrayHunterBiddle_EconomicSocialBenefitsIndigenousEmployment_0.pdf>; Huang, L. & Huang, Y, 'Impact of unemployment on crime in Europe' (2015) 18(57) The Romanian Economic Journal; Mallubhotla, D, 'An Analysis of the Relationship Between Employment and Crime' (2013) 21 The Park Place Economist.
[54] New Zealand Ministry for Primary Industries, *The social value of a job* (December 2014) <https://www.mpi.govt.nz/dmsdocument/5266-The-social-value-of-a-job>.
[55] New Zealand Ministry for Primary Industries, *The social value of a job* (December 2014) <https://www.mpi.govt.nz/dmsdocument/5266-The-social-value-of-a-job>.
[56] Lamb, S. & Huo, S, 'Counting the costs of lost opportunity in Australian education' (2017) No. 02/2017 *Mitchell Institute report* <https://content.vu.edu.au/sites/default/files/media/counting-the-costs-of-lost-opportunity-in-aus-education-mitchell-institute.pdf>.
[57] Deloitte Access Economics, *2023 SROI evaluation of the NCHP* (report commissioned by Community Hubs, March 2024) <https://www.communityhubs.org.au/wp-content/uploads/2024/03/Full-report-2023-SROI-National-Community-Hubs-Program.pdf>.

3 The impact of effective employment supports

A range of interventions and support models are utilised in supporting jobseekers to participate in employment, reflected by an ecosystem with varied levels and types of support. This chapter synthesises these in a taxonomy of jobseeker support models, with reference to the available evidence on what is found to be effective in different contexts and to address different needs, including an assessment of the strength of that evidence. This analysis is contextualised by an overview of public funding flows to the different employment programs which comprise the taxonomy.

Key findings

1. **Tailored employment supports are effective when they can address participants' specific needs.** Different interventions appear generally effective across contexts and for jobseekers facing certain types of disadvantage – highlighting the importance of matching intervention to need. Programs which tailor supports to an individual's circumstances can achieve impact by addressing the underlying barriers to economic participation.
2. **Addressing the underlying barriers to economic participation is essential for employment programs to be effective.** Some employment programs embed support services (or referrals) to help participants address foundational barriers to economic or social participation. Examples include services to support with housing, transport, justice, safety, foundational education, English proficiency, and confidence-building. Programs which include these supports are found to be effective in supporting sustained employment transitions given their focus on addressing the underlying barriers to economic participation.
3. **Post-placement supports contribute to sustained outcomes, by supporting jobseekers during a period of transition.** For individuals with limited lifetime work experience or requiring workplace adjustments, continued support after they transition to open employment (at least in the short-term) appears to reduce the risk of drop out. This can take the form of support for the jobseeker to navigate new employment settings and/or support to ensure employer's expectations and capability are aligned to employee readiness.
4. **In thin markets, employment solutions which are codesigned with employers appear to be the most likely to be sustained.** Enabling organisations (such as local councils, not-for-profits or community organisations) can play an important bridging role in connecting jobseekers and employers, to build capability and pilot place-based solutions. The literature comprises several examples of localised success, but it is challenging to generalise effectiveness across contexts.
5. **Programs which integrate work and learning can be most effective for jobseekers with limited lifetime work experience.** Especially for youth, models that pair theoretical training with an opportunity for practical application (e.g., apprenticeships) have been found generally more effective than standalone training – especially for youth that have been disengaged from education. Conversely, there is evidence that people with some work experience or post-school education returning to the labour market after an extended period may benefit from training or work experience programs in isolation, as a re-entry point.

3.1 The range of activities that can support jobseekers with different needs

Across Australia, a range of innovative approaches—spanning from trials to mature, scaled programs—aim to support jobseekers facing complex and intersecting barriers to accessing and sustaining employment. These interventions include models such as WISEs, incubator programs for entrepreneurs, bridging and matching services and employer mentoring programs. Tailored approaches may also involve flexible delivery of a more mainstream intervention such as an apprenticeship or a combination of interventions to respond to multiple or intersecting barriers to participation.

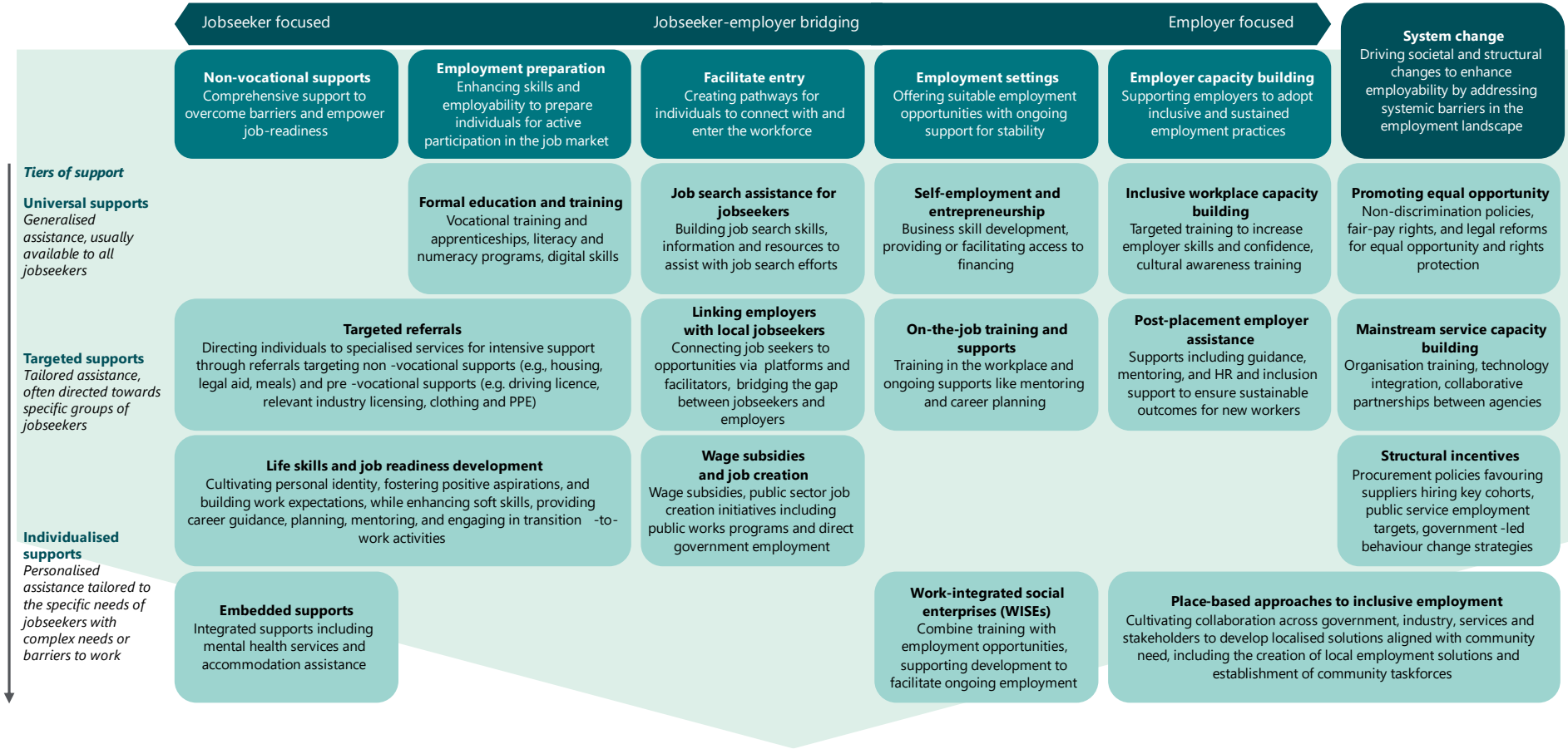
The taxonomy presented in Figure 3.1 seeks to summarise the different support models, using a spectrum which classifies supports according to their focus on either the jobseeker or employer – or as a bridge between the two. Across this spectrum, key categories define the focus of the supports:

- **Non-vocational** supports aim to comprehensively assist jobseekers in overcoming barriers and empowering them for work readiness.
- **Employment preparation** supports are geared towards improving jobseekers' skills and employability for active labour market participation.
- **Supports to facilitating entry** to the labour market for jobseekers, establishing pathways to enter the workforce and connect with suitable employers.
- **Employment settings** supports offer suitable employment opportunities with ongoing assistance for stable employment outcomes.
- **Employer capacity building** models concentrate on enhancing employer capacity for inclusive workplaces and sustainable employment practices.

The labour market does not exist in isolation from the broader community and social context. The levers which can enable systemic change in the employment landscape often require participation from various actors across the employment sphere, extending beyond employment services. The taxonomy is organised hierarchically based on the universality of support models, generally reflecting the size of the cohorts requiring support.

The evidence on impact (Section 3.3) shows that the most suitable interventions for some cohorts are a combination of supports – and while this paper's primary focus is addressing structural unemployment, some interventions also support other cohorts such as those experiencing frictional unemployment.

Figure 3.1: Taxonomy of employment supports



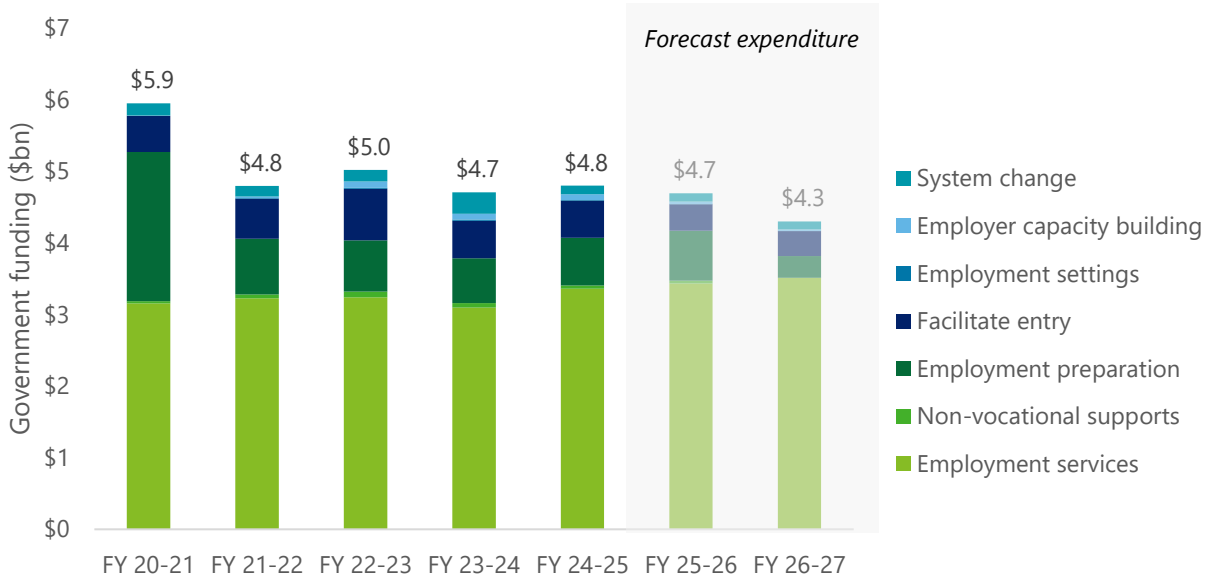
Source: Deloitte Access Economics (2024); Wilson, E., Qian-Khoo, J., Campain, R., Joyce, A. & Kelly, J, 'A Guide to Classifying Employment Supports. A Typology of Employment Support Interventions Related to People Experiencing Injury, Illness or Disability' (2022) *Centre for Social Impact Swinburne University of Technology* <https://researchbank.swinburne.edu.au/items/17b35d1a-bcfd-49a3-9b4d-d67dcf6593a9/1/>; Borland, J., Considine, M., Kalb, G. & Ribar, D, 'What are Best-Practice Programs for Jobseekers Facing High Barriers to Employment' (2016) *Melbourne Institute Policy Brief No. 4/16* <https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0019/2168200/Melb-Inst-Policy-Brief-416.pdf>; Youth Futures Foundation, *Evidence and Gap Map* (December 2023) <https://youthfuturesfoundation.org/our-work/identify/evidence-and-gap-map/>.

3.1.1 Funding flows to alternative models of jobseeker support

Funding by employment support type

The relative levels of investment in the types of supports presented in Figure 3.1 is useful context in understanding the current landscape. The trends presented in Chart 3.1 are informed by analysis of Commonwealth, state, and territory government budget statements from 2020 onwards. Items have been classified according to the types of supports funded (as aligned to the taxonomy presented in Section 3.1) and the priority focus (employment transitions or alleviating long-term unemployment). At face value, this demonstrates the role that the central system of support plays in providing a baseline safety net to a larger cohort of jobseekers.

Chart 3.1: Government spend by employment support type, FY 2020-21 to FY 2026-27 ($ billions)



Source: Deloitte Access Economics (2024) using government budget papers.

Budget commitments across FY2024-25 indicate that 70 per cent of all funding was directed toward broader-based employment services (including Workforce Australia, ParentsNext, Transition to Work, Disability Employment Services, Regional Jobs and Economic Development program providers). Of the remaining funding, an estimated 14 per cent was allocated to support employment preparation programs (primarily vocational education and training (VET)) and 11 per cent to facilitate entry models (such as wage subsidies and provision of job search assistance). The remaining expenditure identified in this review targets more specific barriers to: (1) enable economic participation (such as funding to migrant settlement and skills recognition programs); and (2) systems change and building the capability of employers (including through jurisdiction or industry-level workforce strategies).

Key employment-related expenditure in the Federal Budget 2024-25 included a commitment of $253.6 million over 5 years to disability employment services reform *('employment services')*, $111.6 million over five years to an outcomes fund which targets entrenched disadvantage *('facilitate entry')* and $777.4 million over five years to regional jobs and economic development *('facilitate entry')*.

From 2021-22 and into the forward period to 2026-27, a higher share of government expenditure on employment support is directed towards employment services. The higher level of funding on skills for employment during 2020-21 reflects the introduction of the JobTrainer Fund, which formed part of the Australian Government's economic response to COVID-19, providing free or low-cost training courses to jobseekers and young individuals nationwide.

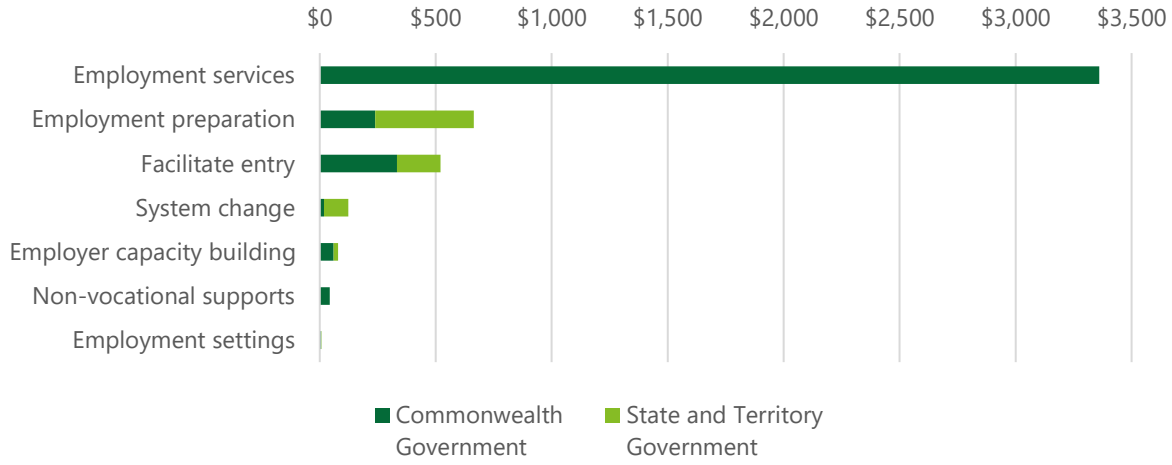
Funding by government source

The Australian Government contributed 85 per cent of total funding relative to 15 per cent from state and territory governments – reflecting the Commonwealth's role as the primary funder of employment services (Chart 3.2). Jurisdictional governments contribute the greatest share of funding on initiatives relating to 'employment

preparation' and 'facilitate entry' (i.e., wage subsidies) – categories comprising initiatives such as training or wage subsidies in emerging industries or local priority areas.

The interventions appearing to receive the least funding are those targeted at creating supported employment settings – examples in this category include grants to for-purpose models such as WISEs. However, this relies on identification within high-level budget line items, noting some grant schemes may sit within broader funding packages. For instance, the Skilling Queenslanders for Work program – which supports community organisations to deliver training and support programs to unemployed or underemployed Queenslanders – is classified in this analysis as an 'employment preparation' intervention.

Chart 3.2: Funding by government source, employment support type, FY 24-25 ($ million)



Source: Deloitte Access Economics (2024) using government budget papers.

Funding by target group

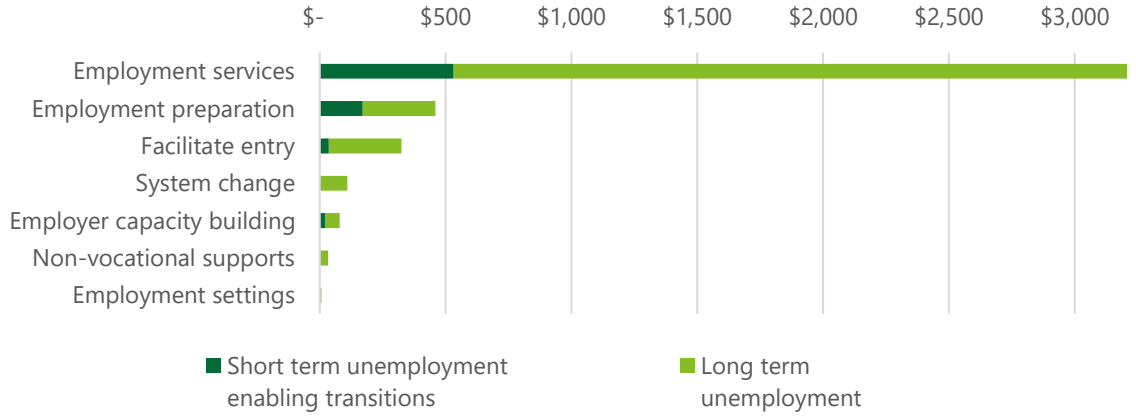
It is challenging to reliably estimate the extent to which this funding focuses on particular cohorts or seeks to address underlying barriers of long-term unemployment from a top-down view. Recognising this limitation, Chart 3.3 seeks to distinguish investments across the employment support models targeted to addressing long-term unemployment from broader initiatives. This high-level classification estimates that the bulk of government spending is allocated to supports to address long-term unemployment (83 per cent of 2024-25 funding).

As of August 2024, 639,000 jobseekers engaged with mainstream Workforce Australia programs (including Workforce Australia Services, Workforce Australia Online, and Transition to Work). Nearly two-thirds of those receiving support from Workforce Australia were long-term unemployed (engaged with Workforce Australia for 12 months or more).[58] A large share of those long term unemployed individuals receiving support from Workforce Australia are very long-term unemployed (20 per cent of the long term unemployed cohort have been unemployed five years or more and 21 per cent between two and five years).[59] Funding to these employment services represented 78 per cent of the total funding dedicated to addressing long-term unemployment ($2.8 billion of an estimated $3.6 billion of FY 2024-25 funding).

Alongside funding to employment services which is estimated to support people who are frictionally unemployed, the remaining expenditure focuses on enabling transitions, including through skills-related programs for specific sectors, such as New South Wales *Agricultural Pathways Program*, the Commonwealth's *Aged Care Transition to Practice Program* and the Northern Territory *Territory Workforce Program.*

[58] Department of Employment and Workplace Relations, *Workforce Australia Caseload Data* (August 2024) <https://www.dewr.gov.au/employment-services-data/workforce-australia-caseload-data>.
[59] Ibid.

Chart 3.3: Funding by, employment support type, FY 24-25 ($ million)



Source: Deloitte Access Economics (2024) using government budget papers.

3.1.2 Evidence on impact: Summary of findings

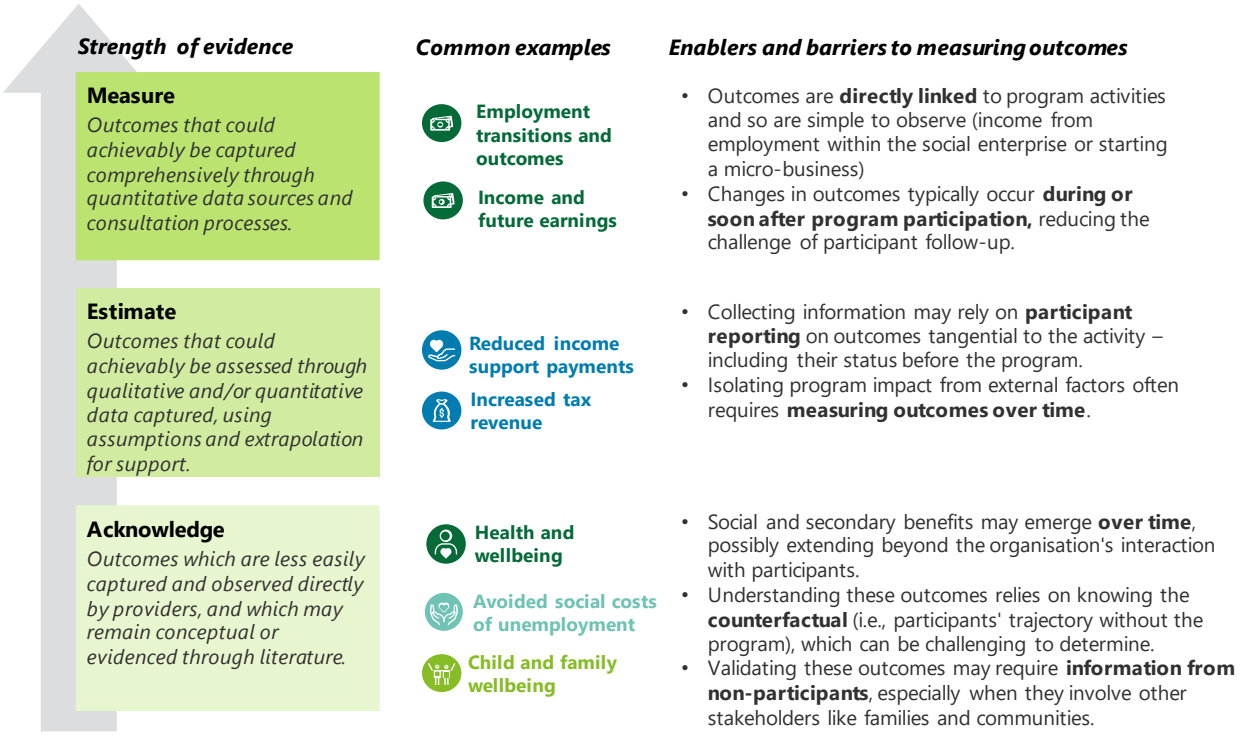
The available evidence on the impact of employment supports varies widely, as do findings of: available policy and program evaluations, meta-analyses, and empirical research, case studies, and qualitative reports on the effectiveness of various active labour market policies. A review of the publicly available literature (detailed in the following sections and summarised in Table 3.1) demonstrates that the effectiveness of these models is influenced by factors such as delivery context (location, industry), the combination of interventions used, implementation (maturity, scale), and the needs of target cohorts. While available evidence is consistently strongest for some models, this is not to say other models are by design less effective. Rather, the evidence base may be more limited or demonstrate greater variation.

Some evidence in this literature review reveals the positive impact of models for specific cohorts, while other evidence, which finds mixed impacts, points to the variation in need (and suitability of specific combinations of interventions) across individuals. The most consistently effective models are characterised by:

- **Responsive to need –** models which offer a package of supports to address distinct barriers to employment readiness and outcomes.
- **Connected across systems –** through models which embed or refer participants to receive support to address economic or social barriers to participation (such as housing, transport, language, confidence).
- **Continuous in their support –** jobseeker-focused support models that remain available after individuals transition to employment settings (at least in the short term).
- **Integrate work and learning –** for those with limited lifetime work experience, matching theoretical training with an opportunity for practical application.
  Connected to employers – found to be critical in thin labour markets where enabling organisations (such as local councils, not-for-profits or community organisations) can play an important bridging role in connecting jobseekers and employers, to build capability and pilot place-based solutions.

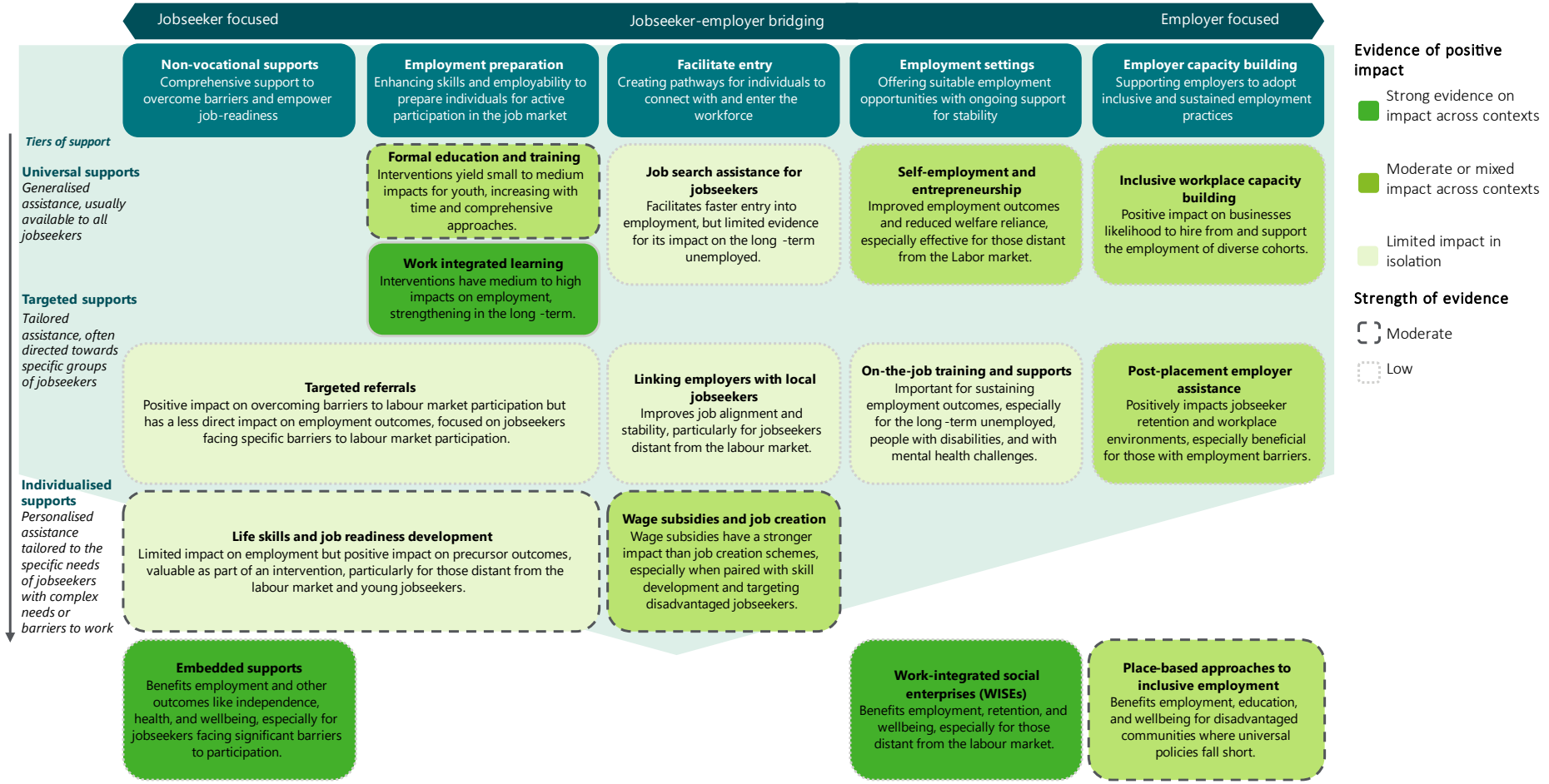
The case studies in this report (captured in the following subsections) also demonstrate the diversity in the extent of evidence immediately available to quantify and attribute outcomes to interventions. In cases where benefits cannot be accurately **measured** (clearly reported for participants), they might be **estimated** (based on partial information and robust assumptions) or **acknowledged** (through qualitative commentary describing the nature of the outcome) (see Figure 3.2). Importantly, these factors – and differing scopes, intents and cohorts – limit the extent to which these case studies can or should be compared.

Figure 3.2: Measure, estimate and acknowledge: a framework for information collection



Source: Deloitte Access Economics (2024)

Figure 3.3: Classification of strength of evidence for employment supports



Source: Deloitte Access Economics (2024)

Table 3.1: Summary of available evidence on employment supports

Support type	Impact on employment	Cohorts	Strength of evidence
Employment preparation			
Off-the-job training	Small positive effect on employment, strengthening over time. Stronger impact when combined with other interventions like work experience.	Greater impact on youth, with less impact on older individuals. Jobseekers facing multiple and complex barriers to work require more intensive support.	Mixed due to diversity of training programs offered. Greater evidence of impact when delivered in combination with other components, including work experience.
Apprenticeships	Medium to high impact on employment outcomes, with impact stronger in the long-term.	Particularly beneficial for younger jobseekers (noting potential bias as youth are overrepresented in available evidence).	The most comprehensive evidence considers apprenticeship completions and outcomes for youth, but not necessarily as an intervention for disengaged jobseekers or those facing multiple and complex barriers to work.
Work experience	Moderate impact on employment outcomes, typically when delivered in combination with learning.	Especially impactful for individuals with limited lifetime work experience, family joblessness, or lack of recent contact with the labour market.	Current evidence in Australia primarily examines the effects of work experience on students in higher education.
Life skills training and job readiness development	Low direct impact on employment, but positive impact on other outcomes (e.g. psychological work readiness and job search). Useful as a component of an intervention.	Jobseekers facing multiple and complex barriers to work and young jobseekers.	Less evidence for direct impact on employment but a number of studies confirming improvements in psychological work readiness and job search.
Foundational skills	Small positive impact, with the potential to have a high impact when combined with off-the-job training.	Greater impact for youth and those with multiple and complex barriers to work. Less impactful for older individuals.	Most evidence links foundational skill levels to employment outcomes, rather than the impact of foundational skills programs and subsequent impact on employment outcomes.
Embedded supports	Positive impact on employment and other outcomes including participation in education and training, independence, health, and wellbeing.	Jobseekers experiencing greater disadvantage or barriers to labour market participation.	Existing evidence focuses on specific models of embedded support designed for targeted groups and cannot be generalised across all models.
Targeted referrals	Positive impact on reducing barriers to labour market participation but less direct impact on employment.	Focused on jobseekers facing specific barriers to labour market participation.	Evidence shows that barriers can hinder economic participation, but limited evidence for intervention impacts on employment outcomes.
Facilitating a transition to employment			
Job search assistance for jobseekers	Facilitates quicker entry into employment with some evidence for improvements in job quality and stability.	Short-term unemployed with less evidence for long-term unemployed.	Evidence for impact tends to depend on characteristics of jobseeker and type/intensity of activities.
Linking employers with local jobseekers	Can lead to better alignment of jobs and improve employment stability.	Jobseekers facing multiple and complex barriers to participation.	While widely acknowledged as beneficial, there exists few evaluations of interventions.

Support type	Impact on employment	Cohorts	Strength of evidence
Wage subsidies and job creation	Impact on employment varies. Wage subsidies generally have a more significant effect than job creation schemes. Greater impact when integrated with skill development.	More beneficial when jobseekers with greater barriers to participation are targeted.	Extensive evidence exists, with numerous program evaluations conducted; however, the impact can vary based on program design.
Employment settings			
Self-employment and entrepreneurship	Improved employment outcomes and a reduced reliance on welfare.	Universal, but may be targeted at cohorts facing barriers to employment.	Limited evidence assessing the impact of interventions aimed at facilitating self-employment outcomes.
On-the-job training and supports	Recognised as important for employment sustainability.	Important for long-term unemployed, individuals with disabilities, and/or mental health issues.	Widespread consensus that it is important, but the level of available evidence is weak.
Work-integrated social enterprises (WISEs)	Positive effect on employment and retention, and other outcomes including wellbeing.	Jobseekers facing multiple and complex barriers to work.	Although there are successful examples, the evidence base is limited and outcomes vary, indicating findings may not apply universally.
Employer capacity building			
Inclusive workplace capacity building	Positive impact on business likelihood to hire from and support the employment of diverse cohorts.	Jobseekers from diverse backgrounds and those facing barriers to employment.	Recognised as important, however few robust program evaluations exist.
Post-placement employer assistance	Positive impact on jobseeker retention and workplace environments.	Jobseekers facing barriers to maintaining employment.	Some evaluations demonstrate impact, but impact cannot be isolated from other program components.
Place-based approaches to inclusive employment markets	Positive impact on employment and other outcomes including education pathways and wellbeing.	Communities facing entrenched disadvantage where universal policies have not been effective.	Numerous examples of localised success but challenging to generalise effectiveness.

Key:

Evidence of positive impact

- Strong evidence on impact across contexts
- Moderate or mixed impact across contexts
- Limited impact in isolation

Strength of evidence

- High
- Moderate
- Low

Source: Deloitte Access Economics (2024).

3.2 Effectiveness of models focusing on employment preparation

Employment preparation interventions focus on equipping individuals with a diverse skill set, combining technical expertise and soft skills to enhance employability, ensure readiness for the job market and foster long-term success. These interventions can include:

- formal education and training (through VET, higher education, or adult and community education)
- more informal life skills and job readiness education or mentoring, including activities designed to cultivate essential soft skills
- grants to address financial barriers that may hinder jobseekers from entering work – including smaller interventions (e.g., funding for uniforms or industry licensing), or larger-scale support (e.g., housing).

The United Kingdom Youth Futures Foundation's *Youth Futures Toolkit* is designed to improve employment outcomes for young people from marginalised backgrounds and has published a summary of evidence relating to interventions to support youth employment.[60] The supporting analysis, primarily focusing on jobseeker-targeted interventions (rather than the employer), assessed interventions based on their demonstrated impact, strength of available evidence, and cost of delivery (notably, no interventions were assessed as having 'high' strength of evidence).[61] The research indicates that:

- Apprenticeships demonstrate the highest impact, but the strength of evidence is low and based on a limited number of robust evaluations, with relatively little evidence focused on the impact for youth facing multiple and complex barriers.
- Off-the-job training, focused on vocational skill development and conducted in classroom settings, can have a moderately positive impact when delivered as a component of a broader intervention.[62]
- Basic skills training is associated with a limited positive impact within youth employment interventions, with indications of a potential high impact when combined with off-the-job training and other components.

Off-the-job training

Evidence to assess the impact of off-the-job training is mixed, partly due to the diversity in training programs, varying in length and complexity – though tends to suggest either no impact or a small positive effect on employment.[63] Some evidence indicates that impact may strengthen over the long-term, underscoring the role of training experiences as steps towards community and labour market participation, and the potential value of these programs as a complement to on-the-job training.[64]

Younger cohorts appear to benefit the most from these programs, though evidence is weaker for young people facing more substantial barriers to formal education, including those not in schooling and with disabilities. There is evidence to suggest that these jobseekers are likely to benefit from more intensive supports beyond classroom-based teaching, particularly where it incorporates work-based experience.[65]

Training becomes more effective when it is tailored to equip participants with skills relevant to the local labour market and when a formal qualification is attained. A consensus exists in favour of integrated approaches, stressing the importance of blending training with other interventions like on-the-job work experience or employment services.[66] The Poverty Action Lab (2023) highlights that vocational and skills training programs have had mixed results. Where inclusive of practical experience, soft-skills training, and job referrals, they often result in increased work hours and earnings for targeted individuals. Specifically, this study notes that programs combining technical classroom-based training with practical experience, such as apprenticeships, lead to positive outcomes in most cases, whereas purely classroom-based training can be less effective.[67]

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[60] *Youth Employment Toolkit,* Youth Futures Foundation (June 2023) <https://youthfuturesfoundation.org/toolkit/>.
[61] The strength rating of the evidence reflects the inclusion of the intervention in studies, as well as the design and reporting approach.
[62] Off-the-job training covers both 'technical education' providing theoretical foundations for vocational learning and 'vocational education and training,' emphasising job-specific skills, excluding apprenticeships and training focused solely on basic or life skills.
[63] *Off-the-job training,* Youth Futures Foundation (June 2023); Borland, J. 'Dealing with unemployment: What should be the role of labour market programs?' (2014) 4 *Evidence Base: A Journal of Evidence Reviews in Key Policy Areas* 1; Newton, J, 'Foundation skills policy contexts and measures of impact' (2016) *National Centre for Vocational Education Research (NCVER)* <https://www.ncver.edu.au/__data/assets/pdf_file/0018/83151/Foundation-skills-policy-contexts-and-measures-of-impact.pdf>.
[64] Card, D., Kluve, J., & Weber, A, 'What works? A meta analysis of recent active labor market program evaluations' (2018) 16(3) *Journal of the European Economic Association* 894; Hargreaves, J, 'Vocational training and social inclusion: At a glance' (2011) *NCVER.*
[65] Barnett, K. & Spoehr, J, 'Complex not simple: The vocational education and training pathway from welfare to work – Support document' (2008) *National Centre for Vocational Education Research (NCVER)* <https://www.ncver.edu.au/__data/assets/file/0024/4875/nr06010s.pdf>.
[66] Ibid; Kluve, J., Puerto, S., Robalino, D., Romero, J. M., Rother, F., Stoeterau, J., Weidenkaff, F., & Witte, M, 'Interventions to improve the labour market outcomes of youth: A systematic review of training, entrepreneurship promotion, employment services and subsidized employment interventions' (2017) 13(1) *Campbell Systematic Reviews* 1.
[67] Poverty Action Lab, *Vocational and skills training programs to improve labour market outcomes* (March 2023) <https://www.povertyactionlab.org/policy-insight/vocational-and-skills-training-programs-improve-labor-market-outcomes>.

Foundational skills

Foundational skills (literacy, numeracy, and digital) are critical to enabling employment, particularly for youth entering the labour market.[68] Perkins (2009) demonstrates the link between low literacy and numeracy and poor economic and social outcomes, including unemployment, low wages, social isolation, lack of qualifications, and poor health. Additionally, a deficiency in digital skills can hinder effective access to services and employment opportunities, while modelling by the Productivity Commission (2014) reveals a positive association between enhanced literacy and numeracy skills and improved employment and wage outcomes.[69]

Few studies establish the broad outcomes measurement required to robustly assess the benefits of foundational education. However, an evaluation of the Canadian *Literacy and Essential Skills* Program (2023) finds that participants in program-funded interventions reported overcoming learning and employment barriers, gaining crucial skills, and experiencing enhanced wellbeing, with 31 per cent of surveyed participants securing employment, and 16 per cent finding better jobs within a year of participation.[70] Although Australian evidence supports the economic value of improving foundational skills, it also suggests interventions may be more effective for youth.[71]

Life skills and job readiness development

Several sources emphasise the importance of addressing soft skills, such as self-esteem, self-efficacy, resilience, and life satisfaction, as key in improving employment outcomes. While interventions targeting these factors may not always generate direct outcomes, many studies link them to improved employment outcomes. The then Department of Education, Skills, and Employment investigated the effect of soft skills training on work readiness. Conducted through a randomised control trial with jobseekers facing employment barriers, the training initially focused on building confidence, resilience, and motivation, then provided tools and guidance to improve job search skills - demonstrating to a significant positive impact on participants' life satisfaction, self-esteem, and resilience.[72]

Further research shows a connection between soft skills, job search behaviours, and employment outcomes. Moorhouse and Caltabiano (2007) find that higher resilience is linked to more assertive job searching.[73] Rose and Stavrova (2019) suggest that low life satisfaction can impede reemployment.[74] Together, these studies establish a link between psychological factors and successful job outcomes. Similarly, mentoring and coaching, while showing limited direct impact on employment outcomes, exhibit effectiveness in influencing other factors critical to overall employability. The Youth Futures Toolkit (2023) suggests that, despite a low positive impact on employment, mentoring can positively affect various outcomes for young people, such as school attainment, reductions in youth offending and involvement in violent crime, as well as improvements in behavioural and mental health.[75] Other interventions, like engaging youth in sports participation programs, are also found to promote development, and are associated with improvements in physical and mental wellbeing, social cohesion, and educational engagement.[76]

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[68] The Smith Family, *Improving the educational outcomes of disadvantaged young Australians: The Learning for Life program* (2016) <https://www.thesmithfamily.com.au/-/media/files/research/reports/research-disadvantaged-young-australians-learning-for-life.pdf>.
[69] Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>; Shomos, A., & Forbes, M, 'Literacy and Numeracy Skills and Labour Market Outcomes in Australia' (2014) *Productivity Commission Staff Working Paper* <https://www.pc.gov.au/research/supporting/literacy-numeracy-skills/literacy-numeracy-skills.pdf>.
[70] Employment and Social Development Canada, *Evaluation of the Literacy and Essential Skills Program* (February 2023) <https://www.canada.ca/content/dam/esdc-edsc/documents/corporate/reports/evaluations/LES%20Evaluation%20Report_EN_PDF_Feb10-%20ColorII.pdf>.
[71] Newton, J, *Foundation skills policy contexts and measures of impact* (2016) *National Centre for Vocational Education Research (NCVER)* <https://www.ncver.edu.au/__data/assets/pdf_file/0018/83151/Foundation-skills-policy-contexts-and-measures-of-impact.pdf>.
[72] Department of Education, Skills and Employment, *Utilising soft skills training to enhance work readiness* (8 April 2022) <https://www.dewr.gov.au/employment-research-and-statistics/resources/utilising-soft-skills-training-enhance-work-readiness>.
[73] Moorhouse, A., & Caltabiano, M, 'Resilience and unemployment: Exploring risk and protective influences for the outcome variables of depression and assertive job searching' (2007) as cited in Department of Education, Skills and Employment, *Utilising soft skills training to enhance work readiness* (8 April 2022), <https://www.dewr.gov.au/employment-research-and-statistics/resources/utilising-soft-skills-training-enhance-work-readiness>.
[74] Rose, D., & Stavrova, O, 'Does life satisfaction predict reemployment? Evidence from German panel data' (2019) as cited in Department of Education, Skills and Employment, *Utilising soft skills training to enhance work readiness* (8 April 2022), <https://www.dewr.gov.au/employment-research-and-statistics/resources/utilising-soft-skills-training-enhance-work-readiness>.
[75] *Mentoring and coaching,* Youth Futures Foundation (June 2023) <https://youthfuturesfoundation.org/toolkit/mentoring-and-coaching/>.
[76] Wright, A., Metcalfe, L., Mawad, R. & Pope, S, 'Evidence Review Youth Work – Agency and Empowerment' (for NSW Department of Communities and Justice, October 2022) *Research Centre for Children & Families* <https://evidenceportal.dcj.nsw.gov.au/documents/youth-work-agency-and-empowerment/RCCF_Evidence_Review_Youth_Agency__Empowerment_Full_Report_FINAL.pdf>.

Established in 2018 in Canberra, Australian Capital Territory, Worldview Foundation is a not-for-profit and WISE supporting First Nations people, including at-risk youth and those in contact with the justice system, to achieve sustainable employment. The organisation provides holistic life management training programs, transitions participants to employment within their social enterprises, and provides support to transition to external employment. Figure 3.4 presents a benefits case study for Worldview Foundation.

Figure 3.4: Benefits case study – Worldview Foundation

Worldview Foundation

Overview

- a not-for-profit and work-integrated social enterprise (WISE) supporting First Nations people to overcome intergenerational disadvantage through holistic life and employment programs
- participants spend six months receiving workplace training and life coaching before transitioning into employment with WV Tech (WISE component of Worldview Foundation) for six months, followed by support to secure open employment.
- supports First Nations people facing disadvantage, particularly at-risk youth and those in contact with the justice system.

Delivery model

- Canberra, ACT
- Operational 7 years
- Delivered in-person (specialist facilities)
- Program embeds non-vocational supports

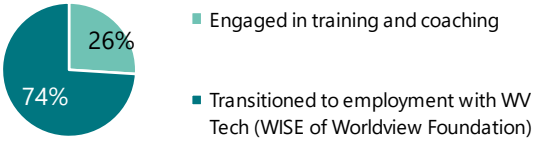
Tailoring

- A transitionary approach to supporting job readiness through on-the-job learning while receiving holistic support, including personal coaching and health and wellness programs
- Focus on social and cultural connections, with on-country cultural activities, involvement of elders, Indigenous mentors, and previous program participants

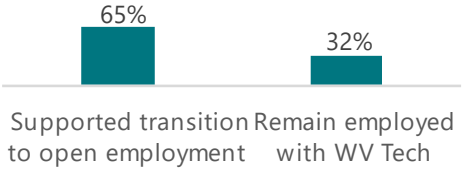
Program outcomes

FY 2022-23

42 participants supported by Worldview Foundation



Among the 74% employed with WV Tech, 65% later transitioned to open employment



Benefits to individuals

Income and future earnings

Worldview Foundation participants gain valuable skills and work experience through paid employment opportunities in the social enterprise (WV Tech), before being supported to transition to sustained external employment.

Health and wellbeing

The program provides holistic life management training, including medical checks, exercise, nutrition, coaching, life planning, and cultural connections, which, along with employment benefits, is likely to improve participants' health and wellbeing

Benefits to society

Avoided social costs of unemployment

Program targets at-risk youth and those with justice system involvement, aiming to reduce social costs by supporting stable employment, decreasing crime and recidivism rates, and enhancing social connections, sense of belonging, and civic engagement.

Benefits to government

Avoided costs to employment services

Participants in the program acquire valuable skills, employment experience, and secure external employment, with all participants in FY 2022-23 transitioning to external jobs. This can decrease future unemployment and the need for employment services

Reduced income support payments

Prior to joining Worldview, 71% of participants in FY 2022-23 were long-term or very long-term unemployed. Transitioning to employment and earning a wage is anticipated to decrease reliance on income support payments.

Reduced public service costs

Enhancing employment outcomes, participant wellbeing, and facilitating the transition to private housing is anticipated to reduce public expenditures on healthcare, justice, housing, and other community services.

Notes: Unless otherwise stated, data has been provided by Worldview Foundation.

Source: Deloitte Access Economics (2024).

Apprenticeships

A meta-analysis undertaken by the What Works Centre for Local Economic Growth (2015) aligns with findings from Youth Futures to indicate that apprenticeships have positive effects on employment outcomes. [77] Hossian and Bloom (2015) note a 7 per cent increase in employment probability among American apprentices, with particular advantages for disadvantaged groups.[78] Moreover, apprenticeships can provide superior skill development compared to classroom settings.[79] Berger-Gross (2021) finds that displaced workers in North Carolina who participated in an apprenticeship program were earning more than non-participants after nine years. However, there is generally limited evidence about the impact of apprenticeships as employment support interventions on wages.[80] Studies comparing apprenticeship wage outcomes often involve individuals with varying education levels, as shown in the research by Fok and Tseng (2009) in Australia. Using a quasi-experimental matching method, the research compares wages between apprentices and similar individuals who had not undertaken an apprenticeship and fins that initially, apprentices may earn less than non-participants, but by their third year (typically coinciding with program completion), their wages become higher.[81]

While outcomes for apprentices and trainees can be strong for jobseekers able to transition to long-term employment as part of their program, there are known barriers to completion and employment transition that may disproportionately affect disadvantaged groups. In Australia, the completion rate for apprenticeships stands at 53 per cent. However, those who complete their studies have very high employment rates (96 per cent of trade and 90 per cent of non-trade apprentices and trainees who completed their training in 2022 were employed in 2023).[82] The New South Wales Government has conducted behavioural trials, such as the Fair Go and Employer Support trials, to address these barriers through targeted communication with apprentices and employers. Interviews with students, teachers, advisors, and employers revealed that *"employers with low completion rates tend to be reluctant to invest time and training for their learners, until the learners can prove that they will be valuable employees"*. Additionally, apprentices lacking confidence in their own abilities are more likely to drop out than seek assistance or address challenges.[83]

Among young individuals who did not pursue university education, Curtis (2008) finds apprenticeships and traineeships to be associated with more successful full-time employment outcomes compared to other models of training, including VET programs without an on-the-job training component.[84] Other Australian evidence suggests higher income and earning outcomes for some-VET skilled men compared to those with higher education qualifications, where their entry scores for higher education were at the margin.[85] Research highlights several challenges that hinder the participation of disadvantaged groups in apprenticeships. OECD research notes the need for personalised supports for young individuals facing disadvantage or disability, including those without secondary education, to succeed in apprenticeship programs. Australian examples show that incorporating mentorship can boost both participation and completion rates, while also emphasising the importance of industry-level systems that align with employers' needs.[86]

Work experience

Many jobseekers with qualifications face barriers to gaining employment due to a lack of work experience. Mann (2012) finds that in the United Kingdom, young adults unable to recall any employer contact activities during school were five times more likely to be disengaged from employment, education or training and tend to earn 16

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[77] What works centre for local economic growth, *Evidence Review 8 Apprenticeships* (September 2015) <https://whatworksgrowth.org/resource-library/apprenticeships/>.
[78] Hossain, F., & Bloom, D, 'Toward a Better Future: Evidence on Improving Employment Outcomes for Disadvantaged Youth in the United States' (2015) *MDRC publications* <https://nocache.mdrc.org/sites/default/files/Toward_Better_Future.pdf>.
[79] OECD/ILO, Engaging Employers in Apprenticeship Opportunities: Making It Happen Locally (16 June 2017) *Local Economic and Employment Development (LEED)* <https://www.oecd-ilibrary.org/employment/engaging-employers-in-apprenticeship-opportunities_9789264266681-en>.
[80] Berger-Gross, A, 'The Long-Term Impact of Apprenticeship on the Employment Outcomes of Displaced Workers' (2021).
[81] Fok, Y. & Tseng, Y, 'Wage Transitions of Apprenticeships' (report commissioned by the Australian Government Department of Education, Employment and Workplace Relations, February 2009) <https://melbourneinstitute.unimelb.edu.au/assets/documents/sprs-reports/2005-2009/2-08_Final_Report.pdf>.
[82] National Centre for Vocational Education Research (NCVER), *Apprentice and trainee outcomes 2023* (21 March 2024) <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/apprentice-and-trainee-outcomes-2023>; [82] National Centre for Vocational Education Research (NCVER), *Apprentice and trainee completion rates down in 2022* (4 September 2023) <https://www.ncver.edu.au/news-and-events/media-releases/apprentice-and-trainee-completion-rates-down-in-2022>.
[83] New South Wales Government, *Increasing completion of apprenticeships and traineeships using behaviourally informed messages* (March 2021) <https://www.nsw.gov.au/sites/default/files/2021-06/Increasing_Completion_of_Apprenticeships_and_Traineeships_using_Behaviourally_informed_Messages.pdf>.
[84] Curtis, D 2008, VET pathways taken by school leavers, Research report 52, Australian Council for Educational Research, Melbourne.
[85] Norton, A., Cherastidtham, I. & Mackey, W, 'Risks and rewards: when is vocational education a good alternative to higher education?' (August 2019) *Grattan Institute* <https://grattan.edu.au/wp-content/uploads/2019/08/919-Risks-and-rewards.pdf>.
[86] OECD/ILO, *Engaging Employers in Apprenticeship Opportunities: Making it Happen Locally* (2019) <https://www.oecd-ilibrary.org/employment/engaging-employers-in-apprenticeship-opportunities_9789264266681-en>.

per cent less than their counterparts who could recall four or more such activities.[87] Australian research suggests that work experience during education enhances labour market outcomes at age 25, increasing employment likelihood by 8 to 10 per cent compared to those without such experience.[88] Although this research centres on higher education, evidence reveals substantial advantages of work-integrated learning for students from disadvantaged backgrounds, including: First Nations students, those from remote areas or low socioeconomic status backgrounds, and students with disabilities.[89]

For jobseekers not engaged in education settings, work experience also impacts employment probability. In an Australian study of older individuals with intellectual disabilities, work experience is identified as the most common preparatory activity leading to employment. This experience is found to be instrumental in helping establish connections and gain valuable skills, which was seen as crucial for securing future work.[90]

Recognising the importance of work-embedded training, there are examples of more innovative and informal approaches to the traditional internship model that demonstrate strong initial outcomes for participants. In Victoria, a three-week paid *Returnships* program, initially created for retrenched workers to explore alternative industries, has been successful in aiding mothers returning to work and various workers facing employment barriers, resulting in approximately 58 per cent of participants securing employment.[91] In their review of best practice for youth and adults with intellectual disabilities, Kregel et al (2020) affirm the positive impact of work experience on securing mainstream employment. However, while this research points to a correlation between work experience and improved outcomes, the authors stress that effective work experience programs should include personalised assessments, job development and placement services, intensive job site training and ongoing support services for optimal outcomes.[92]

Embedded non-vocational supports

Jobseekers facing multiple and complex barriers to work often thrive with continuous and intensive supports.[93] Research from the Australian Institute of Family Studies advocates for the augmentation of a primary service with multiple or complementary supports, suggesting that the integration of these services (e.g. mental health, housing assistance) into employment assistance programs enhances employment outcomes.[94] Examples include:

- **The Individual Placement and Support (IPS) model** is an integrated employment program for individuals with mental health challenges, combining pre-vocational and vocational programs with comprehensive supports. An Australian Government trial in 2015-16 demonstrated its effectiveness, with 43 per cent of participants securing education or employment, and 50 per cent maintaining employment for 26 weeks. Among trial participants also involved with DES providers, 42 per cent had a 13-week employment outcome and 20 per cent had a 26-week outcome, compared to 22 per cent and 16 per cent, respectively, for DES participants more broadly. Despite both outcomes focusing on jobseekers with psychiatric conditions, differences in cohorts and timeframes exist.[95] Other studies have found IPS is approximately two to three times more effective than traditional vocational rehabilitation in facilitating employment for individuals with mental health challenges.[96]
- **Brotherhood of St Laurence's Work and Learning Centres** take a place-based approach to assist public housing tenants and other jobseekers facing barriers to gain employment. Jobseekers receive one-on-one support, training, pre-employment skills development, post placement support and continued assistance if

[87] Mann, A, 'It's who you meet' (2012) *Education and Employers Taskforce*.
[88] Hurley, P., Coelli, M., Ta, B., Knight, L. & Hildebrandt, M, 'Industry experiences and their role in education to work transitions' (2021) *Mitchell Institute for Education and Health Policy*
[89] Jackson, D, 'The impact of Work Integrated Learning on graduate outcomes'(2023) *Australian Collaborative Education Network*.
[90] Meltzer, A., Bates, S., Robinson, S., Kayess, R., Fisher, K. & Katz, I, 'What do people with intellectual disability hink about their jobs and the support they receive at work? A comparative study of three employment support models' (2016) as cited in Wilson, E. & Campain, R, 'Fostering employment for people with intellectual disability: the evidence to date' (2020) *Centre for Social Impact Swinburne University of Technology* <https://www.everyonecanwork.org.au/wp-content/uploads/2020/11/Fostering-employment-for-people-with-intellectual-disability-Accessible.pdf>.
[91] Ibid.
[92] Kregel, J., Wehman, P., Taylor, J., Avellone, L., Riches, V., Rodrigues, R. & Taylor, D, 'A comprehensive review of evidence-based employment practices for youth and adults with intellectual and other developmental disabilities' (2020) <https://jobsupport.org.au/wp-content/uploads/2023/06/Jobsupport-Evidence-Based-Practices-Review-Final-.pdf>.
[93] Government of Australia, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>; Perkins, D. & Nelms, L, 'Assisting the most disadvantaged job seekers (2004) *Brotherhood of St Laurence* <https://library.bsl.org.au/jspui/bitstream/1/558/1/PerkinsNelms_disadvantaged_jobseekers_CofFEEpaper.pdf>.
[94] Strawa, C, 'Supporting young people experiencing disadvantage to secure work' (2022) *Australian Institute of Family Studies*.
[95] KPMG, *Final Report for the Evaluation of the Individual Placement and Support Trial* (report commissioned by the Department of Social Services, June 2019) <https://www.dss.gov.au/sites/default/files/documents/08_2019/individual-placement-and-support-trial-evaluation-report-june-2019.pdf>.
[96] Orygen, *Policy Briefing: Individual Placement and Support* (2021) <https://www.orygen.org.au/Policy/Policy-Areas/Employment-and-education/Employment/Individual-placement-and-support>.

needed. Jobseekers are also connected to local employers or employers offering traineeships and apprenticeships. A 2019 independent evaluation found a conversion rate of 35 per cent of registrants transitioning into sustained employment (26 weeks or more), with the place-based delivery model considered a key success factor.[97]

- **Youth Foyers** adopt a holistic approach to combat youth homelessness, offering stable accommodation and comprehensive support services in a shared living environment. In exchange, residents commit to paying affordable rent and actively participating in education, training, or employment. A five-year study conducted by the Brotherhood of St Laurence on *Education First Youth Foyers* uncovered significant enhancements in participants' education, employment, housing, and health outcomes - largely sustained a year after exit.[98] Individuals in Foyers are 1.6 times more likely to attain higher education levels, with 65 per cent gaining employment, compared to 51 per cent who go through current specialist homelessness services. The findings also highlight improvements in health, independence, financial skills, and housing stability upon exit.[99]

Organisations are likely to vary in their approaches to delivering non-vocational supports – linked to both the scope of their services and the cohorts they seek to support. Some provide these supports in-house, while others refer participants to external services, believing building self-sufficiency in navigating systems is important. Others do not provide non-vocational supports if participants are already receiving assistance through systems like the NDIS or migrant and refugee settlement services.

Box 3.1: The critical role of non-vocational and wellbeing supports

For many long-term unemployed jobseekers, parallel barriers to job readiness include:

- **Transport**: Nearly one in six (16 per cent) economically disadvantaged young people identify transport as a barrier to finding work, relative to just over one in ten (12 per cent) respondents with employed parents or guardians.[100] The NSW *Driving Change* program helps young First Nations people obtain a driver's licence, with an evaluation demonstrating the link between licence increased employment prospects.[101]
- **Insecure housing**: 11 per cent of jobseekers in the Workforce Australia caseload are experiencing insecure housing.[102] The Productivity Commission demonstrates that income support recipients who moved twice in a year had an employment rate 6 percentage points lower than those who did not move.[103]
- **Family, domestic, and sexual violence:** Approximately one in four women and one in eight men over 15 have experienced violence from an intimate partner or family member. These experiences can be reflected in disrupted work histories, lower wages, and a higher likelihood of insecure employment.[104] Women survivors of sexual violence aged 24-30 are 63 per cent less likely to have completed year 12 and seven per cent less likely to secure full-time employment.[105]
- **Justice system contact:** 62 per cent of individuals are unemployed upon release from incarceration.[106] Those who have been incarcerated often encounter various concurrent barriers such as financial insecurity, housing instability, lower education levels and a lack of employment related skills, substance misuse and limited family support and social networks.[107]
- **Mental health challenges:** Over one-third of young Australians accessing mental health services are not in education, employment, or training, which can worsen mental health conditions and harm economic stability.[107] Incorporating pre- and non-vocational supports has been shown to boost job placements by up to 71 percent.[108]

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[97] Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>.
[98] Coddou, M., Borlagdan, J. & Mallet, S, 'Starting a future that means something to you: outcomes from a longitudinal study of Education First Youth Foyers' (2019) *Brotherhood of St Laurence & Launch Housing* <https://library.bsl.org.au/jspui/bitstream/1/11369/1/Coddou_etal_Starting_a_future_Education_First_Youth_Foyers_outcomes_2019.pdf>.
[99] Foyer Foundation, *Under oneRoof: The Social and Economic Impact of Youth Foyers* (December 2022) <https://foyer.org.au/wp-content/uploads/2023/04/FoyerFoundation_UnderOneRoof_FULLReport2023.pdf>.
[100] Mission Australia, *Working through it: A Youth Survey report on economically disadvantaged young people* (2018) <https://www.missionaustralia.com.au/publications/youth-survey/899-working-through-it-a-youth-survey-report-on-economically-disadvantaged-young-people/file>.
[101] Porykali, B., Cullen, P., Hunter, K., Rogers, K., Kang, M., Young, N., Senserrick, T., Clapham, K. & Ivers, R, 'The road beyond licensing: the impact of a driver licensing support program in employment outcomes for Aboriginal and Torres Strait Islander Australians' (2021) 21 *BMC public health.*
[102] Government of Australia, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>.
[103] Productivity Commission, *Housing Assistance and Employment in Australia* (April 2015)
[104] Ibid; Australian Law Reform Commission, *Family violence and employment* (19 December 2011) in, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>.
[105] Australian Institute of Health and Welfare, *Family, domestic and sexual violence* (12 April 2024)
[106] Australian Institute of Health and Welfare, *Adults in prison* (15 November 2023)
[107] Ibid; Baldry, E., Bright, D., Cale, J., Day, A., Dowse, L., Giles, M., Graffam, J. & McGillivray, J, 'A Future Beyond the Wall: Improving Post-release Employment Outcomes for People Leaving Prison' (2018) *UNSW Sydney* <http://doi.org/10.26190/5b4fd2de5cfb4>.

Global Sisters, established in 2016 as a not-for-profit organisation, supports Australian women in improving their financial status and achieving stability through microbusiness. Figure 3.5 presents a case study of the organisation and the outcomes it seeks to achieve for participants. A self-paced model which recognises the complex and diverse life experiences of participant is central to the organisation's theory of change.

Figure 3.5: Benefits case study – Global Sisters

Notes: Unless otherwise stated, data has been provided by Global Sisters.

Source: Deloitte Access Economics (2024); [1]Global Sisters, Global Sisters Impact (2022) <https://impact.globalsisters.org/our-impact-2022/>.

[108] Orygen, *Policy Briefing: Individual Placement and Support* (2021) <https://www.orygen.org.au/Policy/Policy-Areas/Employment-and-education/Employment/Individual-placement-and-support>.

[109] Coppin, D., Ciarrochi, J., Sahdra, B. & Rosete, D, 'Evaluation of the Treatment Utility of Jobseeker Segmentation and Intervention Program' (2019) as cited in Worklink Group, Submission No 611 to Productivity Commission, *Mental Health Draft Report* (13 December 2019).

3.3 The effectiveness of models which link employers and jobseekers

Interventions which focus on creating pathways for individuals to connect with and enter the workforce are varied. While some programs focus on supporting jobseekers to find employment and establish mentoring programs to support that transition, other organisations facilitate connections with employers and broker opportunities for supported employment or work experience. Private wage subsidies and public sector job creation schemes are another lever often used by governments to support jobseekers.

Job search assistance for jobseekers

Job search assistance programs are generally recognised as cost-effective measures to improve employment outcomes for the unemployed.[110] Poverty Action Lab (2022) analysis of evaluations of randomised job search assistance programs supports this, indicating programs in high-income countries reduced the time it took participants to find a job.[111] Job search counselling and mentoring from caseworkers are identified as expediting youth employment and facilitating entry into more stable and higher-quality jobs.[112] However, there may be diminishing returns, with evidence suggesting impacts are most significant in the first year.[113]

Some studies propose that connecting job search activities to unemployment benefits enhances search efforts, as highlighted by the Poverty Action Lab (2022).[114] Borland et al (2004) investigated the impact of the Jobseeker Diary (JSD) program, a work search verification initiative that mandated unemployment payment recipients to complete a fortnightly diary detailing a specified number of minimum job applications. Their findings indicate that participation in the JSD program is associated with an increased likelihood of recipients discontinuing benefits and a reduction in the overall time spent on unemployment benefits. However, this effect is less pronounced for those with more extensive histories of unemployment payments and those located in regions with higher unemployment rates.[115]

Some studies distinguish between the efficacy of job-search models for short-term and long-term-unemployed cohorts. This is linked to reservations about efficacy for jobseekers with complex needs, given the barriers they face may be more related to job-readiness than an inability to find employment opportunities.[116] Cottier et al's (2018) study on job search assistance in Geneva, involving a randomised pilot for long-term unemployed individuals, found that intensive assistance resulted in quicker employment but also faster job loss, indicating potential challenges in sustaining long-term job quality.[117] There is limited evidence available in the public domain that utilises longitudinal data to estimate the benefits associated with investment in these job-search programs.

Linking employers with local jobseekers

While evidence on the impact of these linkage services is limited, Dunlop (2002) suggests that aligning unemployed individuals with jobs that suit their skills and abilities is crucial for improving employment stability.[118] Battisti et al (2019) assessed the effects of matching support on recently arrived refugees in Germany through a randomised control trial. In this trial, a non-government organisation (NGO) identified suitable job opportunities for some refugees and forwarded their resumes to employers. Despite no positive treatment effects observed after six months, subsequent results after twelve months were marginally significant for the entire sample (195 surveys conducted) and more pronounced for lower-educated refugees and those awaiting refugee status.[119]

The Brotherhood of St Laurence's National Youth Employment Body exemplifies efforts to combat youth unemployment through collaboration among jobseekers, employers, communities, and industry stakeholders. An initiative within this body, the National Skills Trials, aims to facilitate the entry of young people into the aged care

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[110] Card, D., Kluve, J. & Weber, A., 'Active Labour Market Policy Evaluations: A Meta-Analysis' (2010) 120 *The Economic Journal* <https://davidcard.berkeley.edu/papers/card-kluve-weber-EJ.pdf>; Orygen Youth Health Research Centre, *Tell them they're dreaming: Work, Education and Youth People with Mental Illness in Australia* (6 June 2014) <https://www.qmhc.qld.gov.au/sites/default/files/uploads/2014/06/tell-them-theyre-dreaming-view.pdf>.

[111] Poverty Action Lab, *Reducing search barriers for job seekers* (January 2022) <https://www.povertyactionlab.org/policy-insight/reducing-search-barriers-job-seekers>.

[112] Caliendo, M. & Schmidl, R, 'Youth unemployment and active labour market policies in Europe' (2016) 5 *IZA Journal of Labor Policy.*

[113] Ibid; Cottier, L., Flückiger, Y., Kempeneers, P. & Lalive, R, 'Does Job Search Assistance Really Raise Employment?' (2018) No. 11766 *IZA Discussion Paper Series* <https://docs.iza.org/dp11766.pdf>.

[114] Ibid.

[115] Borland, J. & Tseng, Y, 'Does a Minimum Job Search Requirement Reduce Time on Unemployment Payments? Evidence from the Jobseeker Diary in Australia' (2007) 60 (3) *ILR Review.*

[116] Borland, J., Considine, M., Kalb, G. & Ribar, D, 'What are Best-Practice Programs for Jobseekers Facing High Barriers to Employment' (2016) *Melbourne Institute Policy Brief No. 4/16* <https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0019/2168200/Melb-Inst-Policy-Brief-416.pdf>.

[117] Ibid.

[118] Dunlop, Y, 'Low paid employment in Australia' (2002) *Centre for Strategic Economic Studies* <https://vuir.vu.edu.au/231/1/02whole.pdf>.

[119] Battisti, M., Giesing, Y. & Laurentsyeva, N, 'Can job search assistance improve the labour market integration of refugees? Evidence from a field experiment' (2019) 61 *Labour Economics.*

and disability workforce by designing a skills pathway in partnership with local employers and stakeholders. This approach ensures that the pathway aligns with the aspirations of young individuals and the needs of businesses. Employers play a comprehensive role, from pathway design to engaging with jobseekers, offering entry-level positions, and providing ongoing support post-placement.[120]

Wage subsidies and job creation

Wage subsidies have been shown to have a small positive impact on employment outcomes in the short-run, with benefits generally outweighing costs.[121] An independent evaluation of the Queensland Revitalised Back to Work program revealed an estimated return of up to $2.24 for each dollar spent on the program.[122] Despite some positive impacts, Borland (2016) highlights the potential drawbacks of wage subsidies, including displacement effects, substitution effects, and deadweight losses, which are estimated to undo 40 to 90 per cent of the subsidy impact. Additionally, the positive effect on net job creation may diminish after the program concludes.[123]

More broadly across Australia, reviews of public sector job creation schemes have generally found them to have zero or negative effects on labour market outcomes.[124] While job creation schemes can take the form of funding to cover wages, the distinction is that job creation schemes seek to establish new employment opportunities where subsidies can lead to some displacement. Evaluating the Work for the Dole (WfD) program, a community-based work experience initiative for long-term unemployed jobseekers aged 18-24, Borland and Tseng (2011) observed no positive impacts on labour market outcomes. Rather, the research finds a significant decrease in the likelihood of participants exiting unemployment payments, suggesting a negative impact of the program on job search activity (and hypothesising an attachment to the program).[125]

This pattern is also seen in international settings. Caliendo et al's (2011) evaluation of the *German Job Creation Scheme,* which offered unemployed youth with secondary education opportunities to work in infrastructure or social projects for up to 12 months, found negative impacts on the employment probability of young participants in both the short and long term.[126] Relatedly, Borland et al's (2016) meta-analysis of studies of labour market programs attributes the underperformance of public sector job creation initiatives to a lack of significant skill development and the absence of pathways to permanent employment.[127]

In 2020, Austria introduced the *Marienthal Jobs Guarantee Pilot,* offering guaranteed, properly paid jobs to residents unemployed for over 12 months for three years. Participants undergo training, discuss their skills with social workers, and receive job offers with flexible hours and salaries ensuring at least previous unemployment benefits. The program costs approximately $48,800 per participant, which is less than a year of unemployment benefits in Austria.[128,129] Early evaluations have shown positive impacts on participant wellbeing.[130]

The literature suggests that effectiveness of wage subsidy programs in supporting sustainable outcomes is highly dependent on their design. While targeting jobseekers with more complex barriers to work is more beneficial, subsidies alone are often insufficient, necessitating additional supports such as mentoring and on-the-job training for success.[131] Evidence from the United Kingdom underscores the importance of combined interventions, revealing that subsidised wages coupled with training outperform other employment programs.[132]

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[120] Myconos, G., Clarke, K., Ng, C, 'Entry to Care Roles Skills Trial: evaluation findings and implications for systematic change' (2022) *Brotherhood of St Laurence* < https://library.bsl.org.au/bsljspui/bitstream/1/13334/2/BSL_Entry_to_Care_Roles_Skills_Trial_evaluation_2022.pdf>.
[121] *Wage subsidy programmes,* Youth Futures Foundation (June 2023) <https://youthfuturesfoundation.org/toolkit/wage-subsidies/>.
[122] Queensland Government, *Back to Work program delivering good jobs for Queensland's youth* (Media Statement, 12 November 2023) <https://statements.qld.gov.au/statements/99141#:~:text=Back%20to%20Work%20provides%20incentive,and%20the%20long%20term%20unemployed>.
[123] Borland, J, 'Wage Subsidy Programs: A Primer' (2016) 19(3) *Australian Journal of Labour Economics* <https://ftprepec.drivehq.com/ozl/journl/downloads/AJLE193borland.pdf>.
[124] Ibid.
[125] Borland, J. & Tseng, Y, 'Does 'Work for the Dole' Work?: an Australian perspective on work experience programmes' 43(28) *Applied Economics.*
[126] Caliendo, M., Künn, S. & Schmidl, R, 'Fighting youth unemployment: The effects of active labor market policies' (2011) as cited in Kluve, J., Puerto, S., Robalino, D., Romero, J., Rother, F., Stöterau, J., Weidenkaff, F. & Witte, M, 'Interventions to improve the labour market outcomes of youth: A systematic review of training, entrepreneurship promotion, employment services and subsidized employment interventions' (2017) 13(1) *Campbell Systematic Reviews* <https://onlinelibrary.wiley.com/doi/full/10.4073/csr.2017.12>.
[127] Borland, J., Considine, M., Kalb, G. & Ribar, D, 'What are Best-Practice Programs for Jobseekers Facing High Barriers to Employment' (2016) *Melbourne Institute Policy Brief No. 4/16* <https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0019/2168200/Melb-Inst-Policy-Brief-416.pdf>.
[128] This amount has been changed from €29,841 to AUD with the exchange rate of 1.63 on 14 May.
[129] World's first universal jobs guarantee experiment starts in Austria, University of Oxford (2 November 2020) <https://www.ox.ac.uk/news/2020-11-02-world-s-first-universal-jobs-guarantee-experiment-starts-austria>.
[130] *World's first universal job guarantee boosts wellbeing and eliminates long-term unemployment*, University of Oxford Institute for New Economic Thinking (3 December 2022) <https://www.inet.ox.ac.uk/news/worlds-first-universal-job-guarantee-boosts-wellbeing-and-eliminates-long-term-unemployment>; Kasy, M. & Lehner, L, 'Employing the unemployed of Marienthal: Evaluation of a guaranteed jobs program' (2023) No. 16088 *IZA Discussion Paper Series* <https://docs.iza.org/dp16088.pdf>.

3.4 The effectiveness of models which broker supported employment settings

Interventions relating to employment settings primarily aim to secure and maintain employment for jobseekers. While some interventions emphasise self-employment and entrepreneurship as pathways, others focus on assisting employed individuals in sustaining their jobs through continuous training and support. WISEs represent another avenue for creating employment pathways. These enterprises, which include both transitional and non-transitional models, aim to provide individuals with job opportunities within businesses funded partially or entirely through commercial activities. These models may be combined with other supports.

Self-employment and entrepreneurship

Self-employment and entrepreneurship can arise from personal choice or in response to barriers to open employment.[131] For First Nations communities, this often presents a self-determined employment option. Various studies demonstrate a high rate of entrepreneurship among humanitarian visa holders, whose qualifications or experience may not be recognised in the labour market. Jobseekers facing barriers to work can also encounter increased challenges to self-employment, such as capital constraints, a lack of startup-specific skills, limited networks, and restricted access to information about business opportunities.[132]

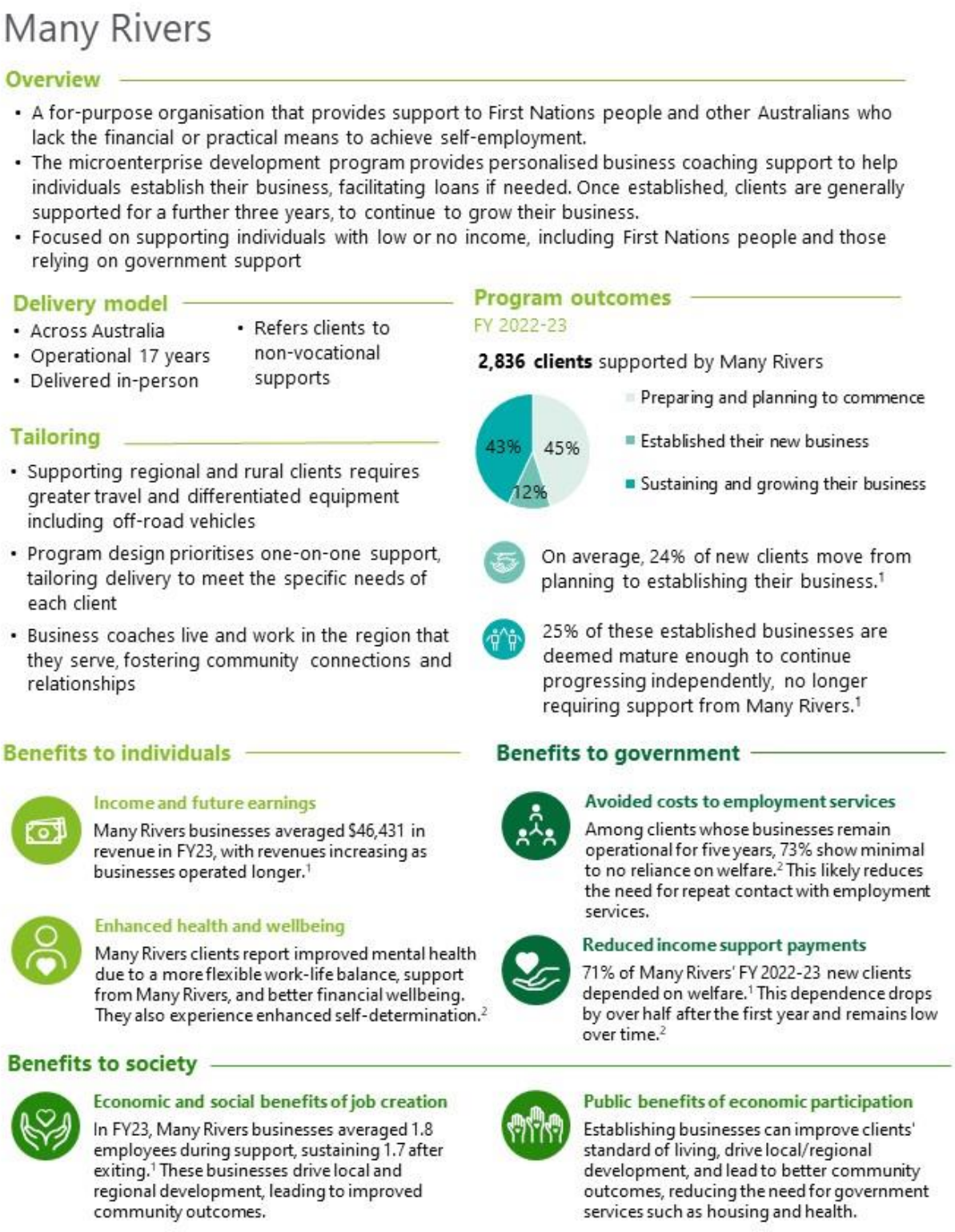
Some market interventions aim to address these disparities by offering training in business and entrepreneurship skills, facilitating access to credit, providing microfinance and/or startup grants, and offering mentoring and coaching support.[133] OECD research indicates that targeted self-employment and entrepreneurship programs generally have the potential to enhance labour market outcomes, with successful schemes emphasising training alongside well-designed financial incentives.[134] Wolff et al (2015) evaluated a German start-up subsidy scheme aimed at transitioning unemployed welfare recipients into self-employment using administrative data and propensity score matching, finding program participation to notably decrease reliance on welfare benefits.[135]

Self-employment, which can offer better outcomes and improve work flexibility, may not consistently yield high-quality results, as cautioned by the European Commission (2018).[136] They emphasise potential poor working conditions, characterised by long hours and stress-related health issues, and limited roles as job creators. Further, interventions promoting self-employment and entrepreneurship may have unintended consequences, including deadweight loss and displacement effects.[137]

[131] Harper-Anderson, E. & Gooden, S, 'Integrating Entrepreneurship Services into Local Workforce Development Systems: Who is Doing It and How' (2016) 20 (3) *Journal of Poverty* <https://www.tandfonline.com/doi/abs/10.1080/10875549.2015.1094769>.
[132] Laffineur, C., Barbosa, S., Fayolle, A. & Nziali, E, 'Active labor market programs' effects on entrepreneurship and unemployment' (2017) 49(4) *Small Business Economics* <https://www.jstor.org/stable/44697302>.
[133] Kluve, J., Puerto, S., Robalino, D., Romero, J. M., Rother, F., Stoeterau, J., Weidenkaff, F., & Witte, M, 'Interventions to improve the labour market outcomes of youth: A systematic review of training, entrepreneurship promotion, employment services and subsidized employment interventions' (2017) 13(1) *Campbell Systematic Reviews*.
[134] OECD and European Commission, *The Missing Entrepreneurs 2021* (29 November 2021) <https://www.oecd-ilibrary.org/employment/the-missing-entrepreneurs-2021_71b7a9bb-en>.
[135] Wolff, J., Nivorozhkin, A. & Bernhard, S, 'You can go your own way! The long-term effectiveness of a self-employment programme for welfare recipients in Germany' (2015) 25(2) *International Journal of Social Welfare* <https://onlinelibrary.wiley.com/doi/abs/10.1111/ijsw.12176>.
[136] Yassin, M. & Godinho, V, 'Shared Prosperity: Economic Inclusion for Sustainable Livelihoods for Migrant and Refugee Communities in Australia' (2023) *For Spectrum Migrant Resource Centre and Grameen Australia* <https://spectrumvic.org.au/wp-content/uploads/2023/06/Shared-Prosperity-Report-2023.pdf>.
[137] European Commission, Directorate-General for Employment, Social Affairs and Inclusion, *Employment and entrepreneurship under the Youth Guarantee – Experience from the ground* (6 December 2018) <https://op.europa.eu/en/publication-detail/-/publication/781d0cc1-f9d5-11e8-a96d-01aa75ed71a1/language-en>.

Established in 2007 in New South Wales, Many Rivers is a for-purpose microbusiness incubator supporting First Nations people and other Australians to access financial and practical business support to participate in the economy and achieve economic self-determination. Now operating nationwide, Many Rivers provides personalised business coaching support and facilitates loans to help individuals establish businesses. Clients receive ongoing support to nurture the growth of their microenterprises. Figure 3.6 presents a benefits case study for Many Rivers.

Figure 3.6: Benefits case study – Many Rivers



Notes: Unless otherwise stated, data has been provided by Many Rivers.
Source: Deloitte Access Economics (2024); Deloitte Access Economics, Many Rivers: 10 Years of Monitoring and Evaluation: the Journey, Outcomes and Outlook (report prepared for Many Rivers, 2022) <https://prod-manyrivers.s3.ap-southeast-2.amazonaws.com/wp-content/uploads/20230522141600/Many-Rivers-10th-Annual-MED-and-3rd-Annual-CED-Evaluation-Report.pdf>.

On-the-job training and supports

There is widespread consensus in the literature around the crucial role of post-placement on-the-job support (sometimes called 'wraparound support' in the WISE context) in fostering sustainable outcomes, although the level of available evidence is relatively weak. Submissions to the Victorian Inquiry into Sustainable Employment (2020) consistently highlighted that retaining employment once placed is the primary challenge for jobseekers with multiple and complex barriers to work.[138] Recommendations to improve job retention include job coaching, mentoring, peer support, personal development, and career guidance.[139] Submissions to the Inquiry into Workforce Australia Employment Services emphasised the critical role of post-placement support for long-term unemployed jobseekers, individuals with disabilities, and those with episodic mental health issues.[140]

The literature lacks consensus on the optimal duration of post-placement support. Presently, most government programs fund it for 26 weeks, but recommendations from the Victorian Inquiry into Sustainable Employment propose at least 12 months.[141] This aligns with international best practice, which advocate for post-placement support for up to 12 months after securing a job to enhance sustainable employment outcomes. For jobseekers encountering participation barriers, international research indicates that maintaining on-the-job support for an extended period, such as three to five years, is beneficial.[142]

While recognising the value of post-placement support, a focus on monitoring clients, contractual obligations, and outcome substantiation is not always perceived as support by jobseekers and can be burdensome.[143] Emphasising appropriateness and sensitivity in post-placement contact is crucial for safeguarding job placements.[144] Understanding the preferences of jobseekers regarding the support they find beneficial is essential for fostering a collaborative and effective post-placement relationship.

Work-integrated social enterprises

WISEs with a transitional focus aim to prepare individuals for open employment, while non-transitional WISEs maintain their employment within the social enterprise's operations. The Swinburne Centre for Social Impact's 2019 research indicates that social enterprises outperform mainstream employment services in generating superior employment outcomes for individuals facing significant disadvantage, along with enhancements in self-reported mental and physical health, and overall wellbeing.[145] While this research and other literature points to the benefits of WISES in supporting sustainable outcomes, the variation in context and delivery models of WISEs limits the extent to which findings can be generalised.

In 2019, the Commonwealth Government launched Payment by Outcomes (PBO) trials to co-develop, implement, and evaluate outcome-focused funding arrangements. One of these trials, PBO3, is being conducted with White Box Enterprises, focusing on placing people with disabilities in employment with social enterprises.[146] Interim findings reveal widespread positive outcomes for participants, encompassing improved income, financial independence, learning and skills development, sense of belonging, physical health, family relationships and empowerment.[147] Taylor Fry (2023) project a 13 per cent increase in individual participant income and a 17 per

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[138] Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>.
[139] Ibid.
[140] Parliament of Australia, *Rebuilding Employment Services* (Inquiry into Workforce Australia Employment Services, 30 November 2023) <https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Report>.
[141] Ibid.
[142] Cortis, N., Bullen, J. & Hamilton, M, 'Sustaining transitions from welfare to work: the perceptions of employers and employment service providers' 48 (3) *Australian Journal of Social Issues.*
[143] Baldry, E., Bright, D., Cale, J., Day, A., Dowse, L., Giles, M., Hardcastle, L., Graffam, J., McGillivray, J., Newton, D., Rowe, S. & Wodak, J, 'A Future Beyond the Wall: Improving Post-release Employment Outcomes for People Leaving Prison' (2018) *Griffith University;* Perkins, D. & Scutella, R, 'Improving Employment Retention and Advancement of Low-paid workers' (2008) 11(1) *Australian Journal of Labour Economics* <https://search.informit.org/doi/abs/10.3316/informit.580764802169867>.
[144] Department of Education, Employment and Workplace Relations, *Good practice in Job Services Australia* (March 2012) <https://www.dewr.gov.au/download/5423/good-practice-job-services-australia/8260/document/pdf>.
[145] Barraket, J., Qian, J. & Riseley, E, 'Social Enterprise: A people-centred approach to employment services' (report for Westpac Foundation, August 2019) *Westpac Foundation and the Centre for Social Impact Swinburne* <https://assets.csi.edu.au/assets/research/Social-Enterprise-A-People-Centred-Approach-to-Employment-Services-Report.pdf>; Barraket, J., Qian, J. & Riseley, E, 'Do employment-focused social enterprises provide a pathway out of disadvantage? An evidence review' (2019) *The Centre for Social Impact Swinburne* <https://apo.org.au/sites/default/files/resource-files/2019-08/apo-nid251711.pdf>.
[146] Department of Social Services, *Payment by Outcomes Trials* (7 November 2023) <https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-social-impact-investing/payment-by-outcomes-trials>.
[147] Suchowerska, R., Moran, M., Ward-Christie, L. & Pullen, T, 'Evaluation of Payment by Outcomes Trial 3: First Interim Report' (2023) *Centre for Social Impact, Swinburne University of Technology* <https://whiteboxenterprises.com.au/wp-content/uploads/2023/11/WBE_PBO-Evaluation-Interim-Report-November-2023.pdf>.

cent decrease in fiscal costs over the next five years under this PBO model, with superior retention compared to DES placements.[148]

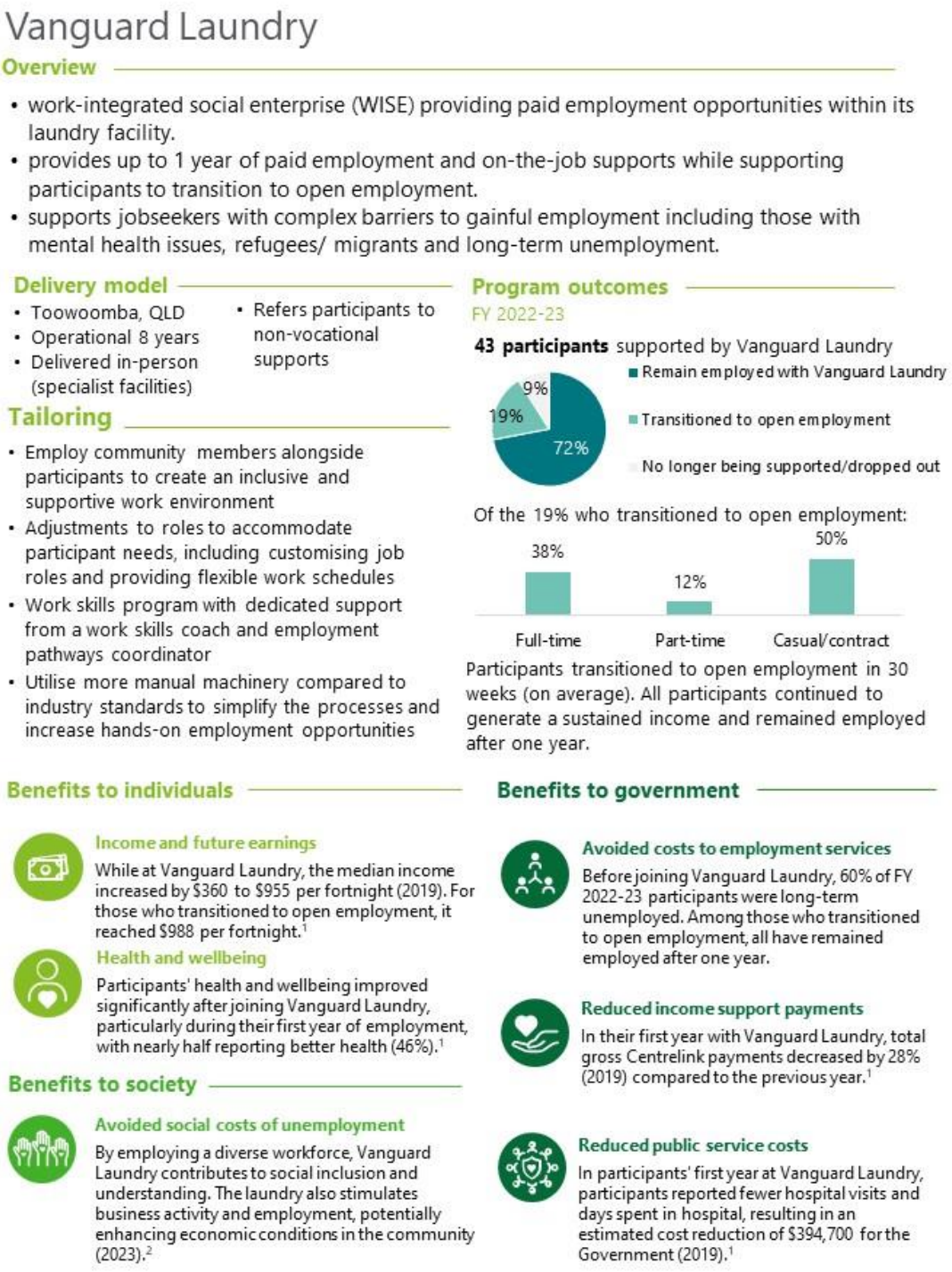
Numerous studies have specifically examined the impact of transitional employment settings on outcomes. In a 2011 study, social enterprises providing employment to vulnerable groups demonstrated a nearly 10 per cent increase in overall employment, with almost one-third of clients securing mainstream market jobs. Corresponding studies in the United Kingdom substantiate these findings, indicating higher job entry rates and more enduring, superior outcomes compared to alternative programs.[149] Further affirmation comes from research by the Brotherhood of St Laurence, highlighting successful program evaluations that have improved employability, boosted participants' confidence and social skills, reduced recidivism rates, and positively influenced community wellbeing and the environment.[150]

Comprehensive reviews caution against employment models that segregate individuals, particularly those with disabilities. Segregation can result in inferior outcomes in wages, costs, quality of life, and achieving independence.[151] In Australia, open employment models tend to exhibit superior client employment rates, earnings, and retention compared to programs within Australian Disability Enterprises (ADEs).[152] And while an Australian study found ADEs and social enterprises provided more support and job stability for workers with intellectual disabilities than other employment, evidence indicates that placing individuals with intellectual disabilities in segregated settings may not lead to subsequent open employment.[153] In a related sense, the effectiveness of employment-focused social enterprises in transitioning individuals with disabilities into open employment can be hindered by external factors, including prevailing norms and the lack of proactive disability employment measures.[154]

[148] Taylor Fry, *Costs and benefits comparison social enterprise employment and Disability Employment Services* (report commissioned by white box enterprises, 21 June 2023) <https://whiteboxenterprises.com.au/wp-content/uploads/2023/11/WBE_PBO3-Costs-and-benefits-analysis-final.pdf>.
[149] Social Ventures Australia, *SVA Perspectives: Employment* (August 2016) <https://www.socialventures.com.au/assets/Employment-Perspective-web.pdf>.
[150] Nockolds, D, 'Exploring success for intermediate labour market social enterprises: A literature review' (2012) *Brotherhood of St Laurence* <https://library.bsl.org.au/jspui/bitstream/1/6185/1/Nockolds_Exploring_success_intermed_labour_market_soc_enterprises_lit_review_2012.pdf>.
[151] Taylor, J., Avellone, L., Wehman, P. & Brooke, V, 'The efficacy of competitive integrated employment versus segregated employment for persons with disabilities: A systematic review' (2023) 58 (1) *Journal of Vocational Rehabilitation* <https://content.iospress.com/articles/journal-of-vocational-rehabilitation/jvr221225>.
[152] Kregel, J., Wehman, P., Taylor, J., Avellone, L., Riches, V., Rodrigues, R., & Taylor, D, 'A comprehensive review of evidence-based employment practices for youth and adults with intellectual and other developmental disabilities' (report commissioned by JobSupport, 1 July 2020) <https://jobsupport.org.au/wp-content/uploads/2023/06/Jobsupport-Evidence-Based-Practices-Review-Final-.pdf>.
[153] Meltzer, A., Bates, S., Robinson, S., Kayess, R., Fisher, K. & Katz, I, 'What do people with intellectual disability think about their jobs and the support they receive at work? A comparative study of three employment support models: Final report' (2016) SPRC Report 16/16 *Social Policy Research Centre,*
UNSW Australia.; Kregel, J., Wehman, P., Taylor, J., Avellone, L., Riches, V., Rodrigues, R., & Taylor, D, 'A comprehensive review of evidence-based employment practices for youth and adults with intellectual and other developmental disabilities' (report commissioned by JobSupport, 1 July 2020) <https://jobsupport.org.au/wp-content/uploads/2023/06/Jobsupport-Evidence-Based-Practices-Review-Final-.pdf>.
[154] Chui, C., Chan, C. & Chandra, Y, 'The role of social enterprises in facilitating labour market integration for people with disabilities: A Convenient deflection from policy mainstreaming?' (2021) 52(1) *Journal of Social Policy.*

Established in 2016 in Toowoomba, Queensland, Vanguard Laundry is a WISE that provides paid employment opportunities within its laundry facility and supports participants in transitioning to other employment, education, and training. The enterprise focuses on supporting individuals with lived experience of disadvantage, especially those previously excluded from the workforce due to mental health conditions, in securing long-term employment. Figure 3.7 presents a benefits case study for Vanguard Laundry.

Figure 3.7: Benefits case study – Vanguard Laundry



Notes: Unless otherwise stated, data has been provided by Vanguard Laundry.

Source: Deloitte Access Economics (2024); [1]Vanguard Laundry Services, *2019 Three Years of Business* (17 October 2019) <https://assets.csi.edu.au/assets/research/Vanguard-Laundry-Impact-2019-Report.pdf>; [2]Elmes, A., Pickering, M., Ward-Christie, L. & Vanguard Laundry, 'Vanguard Laundry Evaluation Report 2022' (2023) *Swinburne University of Technology* <https://assets.csi.edu.au/assets/Vanguard-Laundry-Evaluation-Report_2023-03-21-014639_lwoy.pdf>.

3.5 The effectiveness of models that build employer capacity

Several interventions aim to enhance employer engagement, capability, and demand to improve opportunities for disadvantaged cohorts. These interventions vary in focus, with some aimed at developing employers' capacity for inclusive workplaces, while others provide post-employment supports. Place-based approaches are increasingly emphasised as effective means to address entrenched disadvantage, requiring collaboration among communities, governments, local employers, and other stakeholders to develop localised solutions.

Inclusive workplace capacity building

Overcoming the challenges faced by individuals experiencing unemployment, as highlighted in the Rebuilding Employment Services report, involves addressing obstacles linked to employers, such as unconscious bias, discrimination, non-inclusive recruitment, and workplace practices, as well as cultural and structural barriers.[155] The White Paper on Jobs and Opportunities emphasises the importance of strategies that promote inclusive workplaces through collaborative efforts with employers to effectively support people in the labour market.[156]

While employers express a willingness to hire jobseekers facing barriers to participation, uncertainty and limited understanding regarding employing individuals with diverse needs can often act as a barrier, with employers encountering difficulties in accessing relevant information. It's crucial to note that employers are seeking assistance to enhance their capacity to support the productive employment of people with diverse needs, rather than formal training.[157]

Various submissions to the White Paper on Jobs and Opportunities suggest supporting disadvantaged individuals through changes in workplace design, modifications, job carving, and encouraging small and medium-sized organisations to employ people with disabilities. However, there is limited evidence evaluating the impact of programs assisting employers in making these changes and their subsequent outcomes.[158]

The Diversity Field Officer pilot program, focusing on small and medium-sized businesses, aims to increase confidence in employing people with disabilities through a tailored one-to-one service. The program has shown positive results, with businesses employing people with disabilities rising from 38 per cent to 75 per cent. Additionally, 86 per cent anticipate opportunities to hire individuals with disabilities in the next 12 months, compared to 58 per cent initially. More broadly, the program has led to businesses adopting inclusive practices.[159]

Post-placement employer assistance

The significance of post-placement supports for employers is increasingly acknowledged as crucial for ensuring sustained employment outcomes that benefit both employers and employees.[160] Submissions to the Employment and Disability Inquiry emphasised that job retention relies on continuous support and training availability in the workplace, highlighting the necessity of ongoing support beyond initial placement periods.[161]

Despite widespread acknowledgment of its influence on job placement sustainability, there is limited evidence evaluating the causal impact of post-placement support on employment outcomes, with challenges in isolating its effect. Government initiatives such as the Jobs Victoria Employment Network (JVEN) may demonstrate effectiveness, with 70 per cent of jobseekers placed with JVEN sustaining long-term employment. Findings highlight post-placement support for employers as a highly effective feature of the program.[162]

Similarly, the Queensland Government's revitalised Back to Work Program aims to boost employment for unemployed Queenslanders facing labour market disadvantage. The program, centred on employer incentives, also includes employer training and financial assistance. Early evidence suggests positive impacts on employment

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[155] Parliament of Australia, *Rebuilding Employment Services* (Inquiry into Workforce Australia Employment Services, 30 November 2023) <https://www.aph.gov.au/Parliamentary_Business/Committees/House/Workforce_Australia_Employment_Services/WorkforceAustralia/Report>.
[156] Government of Australia, *Working future: the Australian government's white paper on jobs and opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>.
[157] Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>; Australian Federation of Disability Organisations, Submission to the Department of Social Services, *National Disability Employment Framework - Issues Paper* (July 2015) <https://engage.dss.gov.au/wp-content/uploads/2015/07/AFDO-Submission-DSS-Employment-Framework-Issues-Paper-Response-FINAL.pdf>.
[158] Government of Australia, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* (25 September 2023) <https://treasury.gov.au/employment-whitepaper/final-report>.
[159] Australian Federation of Disability Organisations, *Diversity Field Officer Service Snapshot* (2015) <https://www.afdo.org.au/wp-content/uploads/documents/dfo/electronic-version-dfos-snapshot.pdf>.
[160] Government of Australia, *A New System for Better Employment and Social Outcomes* (Review of Australia's Welfare System, 25 February 2015) <https://www.dss.gov.au/review-of-australias-welfare-system>.
[161] Ibid.
[162] The South Australian Centre for Economic Studies, *Review and Evaluation: Jobs Victoria Employment Network (JVEN)* (report commissioned by Department of Jobs, Precincts and Regions, September 2019) <https://jobs.vic.gov.au/__data/assets/pdf_file/0006/496482/Jobs-Victoria-Employment-Network-Final-Evaluation-Report.pdf>.

outcomes and increased workplace inclusivity, with over 80 per cent of employers making changes to support ongoing inclusivity.[163]

Place-based approaches to inclusive employment markets

Place-based approaches, involving the collective efforts of local people, organisations, and governments, have demonstrated effectiveness in tackling entrenched disadvantage and improving outcomes in some locations.[164] Evaluations of specific initiatives in Australia, including the Brotherhood of St Laurence's Work and Learning Centres (see *Embedded non-vocational supports*) show success through quantifiable outcomes.

Research indicates that these approaches contribute positively to various outcomes beyond employment, including community agency and cultural identity, and population-level improvements in health and social outcomes, including family strength (such as a reduction in domestic and family violence), youth development (such as improved educational attainment), and adult empowerment (such as reduced interactions with the justice system).[165]

In 2017, the Victorian Government launched the Community Revitalisation initiative, a place-based strategy to enhance economic inclusion and social wellbeing for individuals facing employment barriers. The initiative spanned five locations across Victoria, each targeting specific groups encountering complex obstacles to employment and at risk of long-term economic and social exclusion. Flemington Works, a component of this initiative, specifically aids women and young residents within Flemington's public housing estate, tackling significant social and economic disadvantage, and barriers like transport access, caregiving responsibilities, limited appropriate job opportunities, and discrimination. Their approach prioritises community involvement and a collaborative decision-making process, resulting in tailored solutions such as direct recruitment, social procurement, work experience opportunities, and micro-enterprise development. The outcomes have included improved employment prospects and educational pathways, micro-business establishments, and improved confidence, motivation, and social connections among participants.[166]

However, generalising the effectiveness of place-based interventions remains challenging.[167] Effective circumstances for such initiatives include addressing complex problems not resolved by universal policies, securing long-term and flexible government investment, and recognising the prolonged timeframe and higher initial costs associated with place-based approaches. Successful implementation depends on fostering strong relationships, mutual responsibility, and collaboration among residents, communities, and government entities.[168]

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[163] Queensland Government, *Back to Work program delivering good jobs for Queensland's youth* (Media Statement, 12 November 2023) <https://statements.qld.gov.au/statements/99141#:~:text=Back%20to%20Work%20provides%20incentive,and%20the%20long%20term%20unemployed>.

[164] Department of the Prime Minister and Cabinet, *Practical place-based initiatives: a better practice guide* (March 2012) <https://www.pmc.gov.au/sites/default/files/foi-logs/foi-2022-196-practical-place-based-initiatives-better-practice-guide.pdf>; Parliament of Victoria, *Inquiry into sustainable employment for disadvantaged jobseekers* (19 August 2020) <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-sustainable-employment-for-disadvantaged-jobseekers>; Jesuit Social Services, *Place-based approaches unlocking inclusive employment opportunities for marginalised people* (21 December 2022) <https://jss.org.au/news-and-media/our-thinking/place-based-approaches-employment/>.

[165] Strengthening Communities Alliance, *Strengthening Communities Position Paper* (5 May 2023) <https://assets.bsl.org.au/assets/Strengthening-Communities-Position-Paper.pdf>.

[166] Hewitt, T., Arefadib N., Gooder, H., Moloney, S., Moore, T. and Ryks J, 'What Works for Place-Based Approaches in Victoria? Part 2: A review of practice' (2022) *Report prepared for the Victorian Department of Jobs Precincts and Regions* <https://cdn.jss.org.au/wp-content/uploads/2022/12/07051611/Part-2-A-review-of-practice.pdf>.

[167] Griggs, J., Whitworth, A., Walker, R., McLennan, D. & Noble, M, *'Person- or place-based policies to tackle disadvantage? Not knowing what works'* (2008) *Joseph Rowntree Foundation* <https://www.jrf.org.uk/sites/default/files/migrated/migrated/files/2176-policies-people-place.pdf>.

[168] Ibid.

Hotel Etico, founded in 2020 in Mount Victoria, New South Wales, is a WISE focused on supporting young people with disabilities, particularly those with intellectual disabilities, in achieving long-term employment. It provides paid employment within its hotel along with integrated training and live-in experiences, before supporting participants to transitioning to other employment. Figure 3.8 presents a benefits case study for Hotel Etico.

Figure 3.8: Benefits case study – Hotel Etico

Hotel Etico

Overview

- work-integrated social enterprise (WISE) providing paid employment and independent living opportunities within its hotel.
- participants engage in integrated training, work, and live-in experiences at the hotel in the first year, transitioning to a partner hotel in the second year with ongoing support. They are then assisted to secure an ongoing role in open employment.
- supports young people with disabilities, particularly those with intellectual disabilities.

Delivery model

- Blue Mountains, NSW
- Operational 4 years
- Delivered in-person (specialist facilities)
- Program embeds non-vocational supports

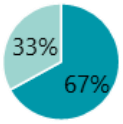
Tailoring

- Hotel operates on a smaller-scale to provide a more personalised and focused approach to participant learning
- Training is conducted side-by-side, allowing participants to work closely with experienced staff members over extended periods to develop their skills
- Integrated training, work, and live-in experiences enable participants to develop life skills, fostering autonomy and independence

Program outcomes

FY 2022-23

18 participants supported by Hotel Etico



- First-year participants employed at Hotel Etico
- Second-year participants employed at another hotel

- Of the first-year participants, 58% secured employment with another hotel, progressing to their second year. 8% transitioned to other support services and 33% were continuing to receive support.
- Of the second-year participants, all participants transitioned to open employment, 17% to full-time employment and 83% to part-time employment.

Benefits to individuals

Income and future earnings

Participants at Hotel Etico acquire valuable skills and work experience during their tenure, simultaneously engaging in paid employment. They also receive assistance in transitioning to sustained paid positions.

Health and wellbeing

Participants in the program experience enhanced health and wellbeing, gaining confidence and independence while learning new skills that contribute to better overall health outcomes.[1]

Benefits to families

Family wellbeing

Increasing the independence and autonomy of participants is likely to reduce the time families and carers often devote to care, allowing them to focus more on their own health, wellbeing, and personal lives.[1]

Benefits to government

Avoided costs to employment services

Participants learn valuable hospitality skills and secure stable employment, potentially preventing future spells of unemployment and decreasing the demand for employment services.

Reduced income support payments

Before joining Hotel Etico, all participants in FY 2022-23 were long-term unemployed. Transitioning to employment and earning a wage is likely to reduce the need for income support payments.

Reduced public service costs

Enhancing participants' wellbeing, independence, and engagement in society, is likely to lower the need for government services like healthcare and support.[2]

Source: Deloitte Access Economics (2024); [1]ARCO, *Hotel Etico's Social Impact* (report commissioned by Download Cooperative, April 2019); [2]Fulloon, S, 'Young Australians with a disability are 'front and centre' at this unique hospitality training venture' *SBS News* (Online, 19 March 2022.

4 The cost of delivering sustainable job outcomes

Drawing on data collected from a sample of Paul Ramsay Foundation partner organisations, this chapter begins to establish an evidence base on the range of costs of delivering innovative models of employment supports. This exercise is designed to: (a) demonstrate the possibilities in relation to cost measures, and the associated benefits; (b) uncover the range in costs of delivering quality outcomes for people experiencing complex barriers to work; and (c) support guidance to the sector, including in relation to cost frameworks and continual improvement. In this respect, the cost framework and the variation in its application are as, if not more, instructive than the results themselves.

Key findings

1. **It is possible and meaningful to estimate costs at the participant and outcome level in the for-purpose employment sector.** The cost of delivery associated with these employment programs can be used to demonstrate the resourcing required to deliver outcomes for those facing complex barriers to employment. Importantly, these estimates can also be used to highlight variation in costs for models with specific and targeted supports. Further investment in cost collection is needed to understand how costs vary across different delivery settings or for specific cohorts.
2. **Costs associated with delivering tailored employment programs can be material, and range considerably.** This report presents new evidence on delivery costs and cost drivers from 10 organisations that partner with the Paul Ramsay Foundation. The sample of cost estimates demonstrates the considerable range of delivery costs, with cost per participant results ranging from $3,100 to $59,000 across 13 programs. This variation is a culmination of several factors – including varying program scale and scope, the differing cost bases of commercial models, and distribution of costs over time. Accounting for revenue accrued by WISEs highlights the role that revenue generating models can have in offsetting delivery costs.
3. **There is variation in the cost to achieve employment outcomes, which reflects (1) the different program durations, (2) the nature of outcomes intended and (3) the focus on strengthening pathways to employment across these models.** The cost per outcome measure ranges from $6,100 to $83,300, depending on the variation in length of journey accepted. The cost per outcome accounts for the cost of attrition where jobseekers do not successfully progress to employment. In practice, the precise distribution of costs incurred for successful and unsuccessful outcomes likely varies, depending on the type of programs and timing of attrition.
4. **The relevant cost measure and the appropriate benchmark will evolve over an organisation's (or program's) life.** For an individual organisation, the level of focus on different cost measures will vary across contexts and over time. For instance, a newly established organisation with a relatively higher share of fixed costs might place greater focus on total costs per participant; whereas a more established organisation might focus on the marginal cost associated with each additional outcome.
5. **A costing exercise of this nature is most valuable when repeated over time.** In any given year, unexpected or out-of-cycle investments may affect the cost per participant and outcome estimate (in some cases, adjustments have been made to represent a 'typical year' for demonstration organisations, where determined appropriate by the respective organisation). Costs will change as delivery models are refined – motivating a repeated cost collection exercise (to smooth disruption and minimise margins of error), and a greater focus on average cost over time (and relative cost drivers), rather than approaches that pursue precision at a point-in-time.

4.1 The value of understanding the total cost of delivery

4.1.1 Rationale

The evidence on the economic and social benefits of sustained employment (Chapter 3) is compelling. Literature highlights the importance of targeted and tailored programs in ensuring that outcomes are achieved. Sufficient resourcing is needed to deliver this breadth and depth of support in employment programs; reiterating the importance of funding approaches which recognise the true costs of delivery and the range of costs across contexts.

Against that context, this chapter outlines findings from a demonstration exercise with a sample of 13 programs (delivered by 10 PRF partner organisations) to calculate costs associated with program delivery and outcomes across a range of measures.

Understanding the cost of delivery associated with for-purpose employment programs can provide the sector with a full view of the resourcing required to deliver outcomes for those facing complex barriers to labour market participation and employment. The different estimates in this chapter demonstrate:

- the resources required to deliver outcomes for cohorts facing complex barriers to employment
- the range in delivery costs and the drivers of these costs, across delivery models and settings, implementation contexts and the characteristics of participants
- the value of revenue-generating models, that themselves provide immediate employment opportunities and work experience, in reducing the net costs of delivery.

The components of the calculations and the estimation approach is detailed in Section 4.2.

4.1.2 Relevance to impact cost

This report intends to estimate the total costs associated with employment programs and provides a framework to consistently estimate per-participant and per-outcome costs across a variety of contexts and by a variety of organisation types (including, but not limited to, WISEs).

The data collection approach used in this report has carefully reflected on the research undertaken by the Centre for Social Impact at Swinburne University on impact costs for WISEs.[169] This research does not intend to update that work; rather, it offers a distinct set of measures on delivery costs, with the intent to apply more broadly than the WISE context. In particular:

- The **impact cost** framework is intended to support social enterprises to demonstrate the additional costs of social purpose as a primary goal. The framework is intended for application at the organisational level, highlighting decisions that may incur additional costs to standard commercial operations (for example, not investing in more efficient machinery that would reduce the number of jobs at a facility).
- An understanding of **total costs** by program, participant and outcome is the focus of this report, and is intended as a starting point to relate the costs of delivery to funding (noting the importance of considering program and organisation maturity, and year-to-year changes, in relation to funding). The relative breadth of the total cost approach allows this framework to be applied to the entire for-purpose sector. The total cost approach also recognises that this is a common starting point for government to calibrate a funding model in public service systems, where the total cost is shared by different beneficiaries (with consideration given to how benefits flow to public and private recipients, and/or those recipients' capacities to contribute).

4.2 Approach and results

4.2.1 Overview of costing approach

Data covering 13 employment programs was collected from 10 organisations supported by PRF. Seven of these organisations are WISEs. Data was collected about program design, activities and scale; the characteristics of participants, annual costs (using income statements) and available data on participant outcomes over time. The exercise involved analysing a single year of delivery costs, adjusted as needed to reflect a typical year of operations (smoothing one-off costs); and to separate the costs of the employment program from other business costs where a program is embedded within a broader entity.

Using the data collected on costs, participants and outcomes, three measures of 'unit cost' were developed:

[169] Centre for Social Impact Swinburne define Impact Costs as the additional costs of prioritising the creation of meaningful employment for their target cohort, that commensurate, non-social enterprises do not encounter. (Pullen, T., Webster, J., & Ward-Christie, L. (2023), Understanding the Impact Costs of Work Integration Social Enterprises, Centre for Social Impact, Swinburne University of Technology, Hawthorn, Australia)

1. The **total cost per participant** captures the simplest view of program costs per person, by taking the total costs attributable to the employment support and a share of overhead cost attributable to the program (see Box 4.1); then dividing by program participants in the period of interest. This cost can be annualised to understand year-to-year costs or estimated based on typical program duration. The measure highlights the costs associated with the scope of support provided (for instance, whether participant wages are included) and the impact of operating scale on per-capita costs.
2. The **cost per participant accounting for trading revenue (calculated for WISEs only)** incorporates a combination of: (a) a more complete picture of operational and input costs; and (b) the role of trading revenue in meeting or partially offsetting these costs.[170] This calculation accounts for variation in the type of industry in which a WISE operates - recognising that while some organisations might face higher input costs, these may be partly or wholly offset by the trading revenue those inputs generate.
3. The **cost per outcome** builds off the cost per participant (for WISEs, the cost per participant accounting for trading revenue) with the introduction of the achievement of outcomes. The approach remains simple, utilising a success rate (calculated by the share of participants that achieved an outcome) over the total sample, providing some insight into the costs of attrition.[171] Recognising the range of outcomes, program durations and data collection practices of those in this sample, two approaches are taken to calculating outcomes: (1) an outcome is equivalent to transition to open employment or progression within the enabling organisation; or (2) an outcome also captures those still in-journey towards program completion.

Attributing overheads and revenue at the program-level

For some organisations, there is no distinction between program costs and organisation costs, because the organisation exists solely for this purpose. For other (often larger) organisations, the employment program sits within a suite of programs delivered or within a broader organisation. In these cases, some stylised assumptions must be made to allocate broader organisational costs (e.g. overheads such as rent) to the program. Deloitte Access Economics supported partner organisations to allocate total organisation costs to the program, for example based on the share of full-time equivalent (FTE) staff who were participants.

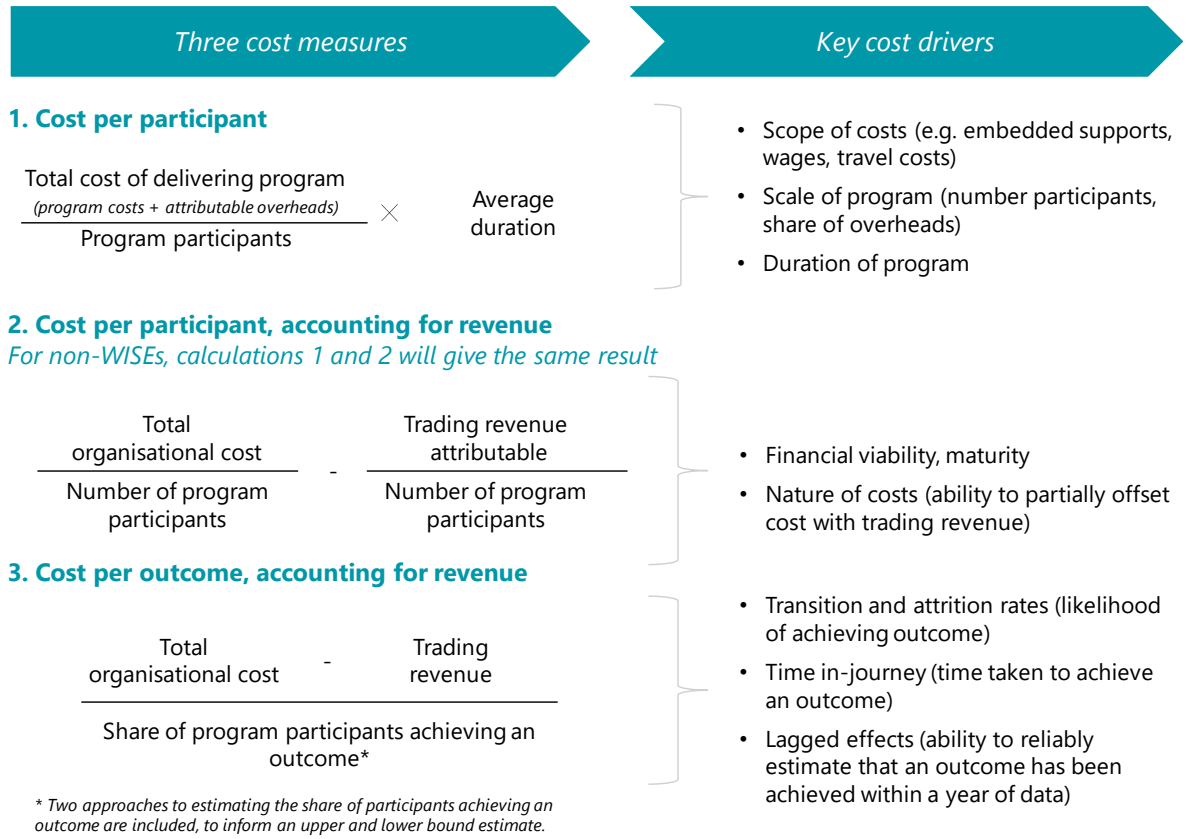
In addition, the nature of some WISEs means that sizeable material, equipment or consumable costs relating to the nature of the industry in which they operate are incurred each year. Consistent with this attribution approach, for WISEs with considerable broader commercial operations, these types of costs were allocated to the 'program component' of the organisation's functions based on the number of participants (in FTE terms) as a share of the total. A similar approach was adopted for any revenue generated.

Figure 4.1 outlines the calculation approach to the three cost measures, the items included in the calculations and the key cost drivers they shed light on. The costing results are discussed further in Section 4.2.2 and the total cost drivers in Section 4.3.

Recognising the various measures draw attention to different aspects of delivery cost (and operating models), it is important to note that the most relevant cost measure and the appropriate benchmark for that cost will evolve over an organisation's life cycle. For an individual organisation, the level of focus on different cost measures (particularly, total cost relative to marginal cost) will vary across contexts and over time. For instance, a newly established organisation with a high share of fixed costs might place greater focus on total costs per participant; whereas a more established WISE generating sustainable revenue might focus on the marginal cost of each additional outcome.

[170] This cost is an adjustment to the first metric for WISEs only. For non-WISEs, calculations 1 and 2 will give the same result.
[171] This work has not sought to independently verify that those outcomes are *sustainable*. Estimates of 'outcome' do not consider economic costs and benefits such as lower productivity or social benefits of employment, which might be captured in a cost benefit analysis or when making comparisons to commercial organisations.

Figure 4.1: Approach to the three cost estimates



Source: Deloitte Access Economics (2024)

4.2.2 Overview of results

The cost per participant has been estimated for 13 programs (from 10 partners), presented in Table 4.1 based on the data available to date. For PRF partners where the program is delivered across several organisations, each individual program has been costed separately. The cost ranges and sample sizes of organisations included are set out below, with reference to the identified drivers of the upper and lower bounds.

Across the three measures, the range of costs varies, and the position of different organisations in terms of the least-to-most costly change. For instance, an organisation with a relatively high cost per participant has a relatively low cost per outcome because the rate of outcomes is high. An organisation achieving fewer outcomes should not be considered underperforming – indeed, these outcomes may be of higher quality, if they are more likely to endure; and in some programs, outcomes may be more evident after a longer period following program completion. Outcomes which represent a transition to education were not included in the cost exercise because they were not consistently measured across organisations, though represent meaningful positive transitions for some jobseekers.

Table 4.1: Results from costing exercise (ranges, WISE and non-WISE organisations)

Measure	Range of costs	Characteristics of programs in the:	
		Lower bound of cost	Upper bound of cost
Cost per participant (program duration)	$3,100 - $59,000 n=13	• High-scale program • Few embedded supports	• Large input costs, including participant wages • Remote transport costs
Cost per participant accounting for revenue (program duration)	$3,100 - $60,200 n=13	• Mature operating model • High revenue per participant	• High share of costs which do not generate revenue
Cost per outcome accounting for revenue (outcomes achieved within a year of program completion)	$29,700 - $83,300 n=8, approach 1 $6,100 - $79,600 n=8, approach 2	• High transition rate, defined duration of support • Low cost per participant	• Higher cost per participant (tailored support, in person delivery) • Lower outcomes rates

Note: organisations appearing at the upper and lower bound of costs are not consistent across rows; given that the revenue impact and outcomes rates vary between providers. For 5 of the 13 programs, cost per outcome estimates were not produced due to a lack of reliable data; either because outcomes were not measured, relied on a very small sample size or insufficient time had lapsed for the program.
Source: Deloitte Access Economics (2024) using data from PRF program partners.

4.2.3 Cost per participant

The cost per participant result considers only the attributable portion of total organisational costs to the employment support program. The assessment of costs attributable to the employment support program is heavily reliant on input and judgment from PRF partners, with limited further validation conducted by Deloitte Access Economics.

Overall, these estimates demonstrate the considerable range of delivery costs, with cost per participant results ranging from $3,100 to $59,000. Indeed, this variation is a culmination of several factors – including varying program scale and scope, the differing cost bases of commercial models, and distribution of costs over time. For example, a higher cost per participant is observed where organisations pay participant wages (as is standard in WISEs). Further, costs are higher where there is production of goods and services, varying according to the scale of the organisation and scope of costs (i.e., input and activity costs).

This analysis does, however, identify common themes across the sample of cost estimates. For example, programs with higher levels of support to participants, relating to the complex barriers faced to securing employment, are generally higher cost. For example, programs which make workplace adjustments for people with a disability or incorporate the delivery of embedded life skills training may be higher cost. Similarly, programs supplementing employment support with additional wraparound services to enable participation in regions (e.g. travel costs) are generally higher cost.

4.2.4 Cost per participant accounting for trading revenue

The cost per participant accounting for trading revenue range from $3,100 to $60,200 for WISEs (with the result unchanged for non-WISEs). For most WISEs, the incorporation of total organisational costs and trading revenue reduces the estimated cost per participant (for all but one WISE, cost accounting for revenue ranges from around 10% to 50% of cost per participant). This reflects that when a full view of costs is incorporated and these relate to the production of goods and services that generate revenue, the net cost falls. However, this may not necessarily be the case. Where costs rise, this reflects the relative scale of costs relating to commercial operations, compared to employment supports, not fully captured as attributable to the program in the cost-per-participant measure.

4.2.5 Cost per outcome

A sustainable employment outcome would ideally be defined as a transition to open employment or progression within an enabling business, measured at different milestones post-program completion. Where possible, the results in this report focus on outcomes achieved in the year following program completion in isolation, so that one year of program costs (for a given cohort) could be matched to the relevant year of outcomes, while some reported outcomes achieved to date. Recognising the challenges of measuring outcomes achieved outside of the financial year of interest consistently in this way (and in the absence of longitudinal data), two approaches are taken to measuring outcomes in this context. These include:

- **Approach 1: Outcomes equivalent to transition to open employment or progression within an enabling organisation.** This approach assigns an outcome where an individual has successfully transitioned

to open employment (or progressed within the enabling business) within the timeframe of the data available. Those who have not progressed within this timeframe are assumed not to have achieved an outcome.

- **Approach 2: Capturing outcomes associated with both transitions and progressions, and those still working to achieve their intended outcome.** The cost per outcome would ideally account for differences in program duration, the periods of time required to achieve those objectives, and the nature of participation extending beyond financial years. Adopting Approach 1 in the absence of granular longitudinal data may result in a lower-than-representative share of participants achieving outcomes. This approach recognises this limitation, assuming that those still working towards their intended outcome would achieve this in time.

These approaches are detailed in Table 4.2. In practice, the true estimate of cost per outcome likely sits within this range – and may change from year to year as different cohorts of participants progress through the program.

Table 4.2: Approaches to defining an outcome

	Organisations supporting employees (WISEs or NFP):	Entrepreneur support (incubators):
Approach 1	• Transitioned to open employment • Progressed within enabling organisation (i.e., promoted)	• Earning an income through self-employment
Approach 2	• Transitioned to open employment • Progressed within enabling organisation (i.e., promoted) • Remained in supported employment with enabling organisation	• Earning an income through self-employment • 'In-journey' to establishing a business

Source: Deloitte Access Economics (2024)
Note: Open employment includes commercial partner organisations of the employment program provider (e.g., suppliers).

Under both approaches, results vary considerably. Under approach 1, costs range from $29,700-$83,300, while under approach 2, costs range from $6,100 - $79,600. While these approaches provide two alternative measures and a common basis to consider costs at an outcome level, the importance of success rates in determining these costs is acknowledged. Further, given the limits in observing lagged outcome effects with the data available for this analysis, these results remain a demonstration of what can be achieved. While these approaches best reflect the combination of circumstances across the sample, there remains opportunity for individual organisations to continue to advance success rate calculations based on their unique settings and data collection practices.

This 'cost of success' includes costs associated with supporting participants that do not achieve an outcome (i.e., attrition). The cost of attrition - and challenges in predicting or reducing attrition – should be instructive to funders and providers when considering the true costs of achieving an outcome. In considering the potential costs of attrition, it is equally important to recognise the potential benefits of partial outcomes: participants who do not complete a program or transition to open employment may transition to another program, to education/training, or to employment at a later date because of that experience. This reiterates the importance of ongoing and complete outcomes reporting to demonstrate returns to investment.

4.3 Understanding cost drivers

4.3.1 Drivers of total cost

The range of cost estimates in this report vary at each calculation stage – reiterating the differences in program design, delivery settings and cohorts, and outcomes rates over time. While any interpretation of a sample of this size should be treated with caution, the variation (and qualitative insights from providers) can inform an understanding of key cost drivers and their relative variation. These are set out in further detail in Table 4.3.

Table 4.3: Key cost drivers and examples

Cost driver	Key considerations and examples
The **scope** of the program – including if the program pays wages and/or funds non-vocational supports (rather than providing referrals).	• Some programs include embedded non-vocational supports (e.g., in-person mentoring, social services) beyond the core employment program, which results in a greater cost per participant. • For WISEs, a common example is that participant wages are in scope; while for incubator programs, travel to support clients with meetings and events is often an additional cost.

Cost driver	Key considerations and examples
The **duration** of the employment program – including the rigidity of program duration.	• Some programs have clearly defined duration or set explicit targets for participants to achieve milestones such as business establishment, or employment transition. Other programs have a far less rigidly defined program duration or are self-paced. Some organisations with clear targets for participants attribute high outcomes rates (and low costs per outcome) within the year observed to the use of those targets.
The **scale** of the organisation and the employment program.	• Larger organisations with a higher number of participants attract higher total base costs. This generally then extends to an ability to scale their operations more efficiently to achieve a lower cost per participant. • Organisations with a higher share of participants relative to total FTEs may have fewer enabling staff per participant, driving lower per-capita costs.
The **maturity** of the program (often connected to the ability to scale).	• Maturity can drive the extent an organisation continues to face upfront establishment costs. • More mature organisations may be more likely to have lower marginal costs per participant as they develop operational or process efficiency over time.
The nature of the business, including the scope of **labour and capital costs.**	• The total cost associated with delivering a capital-intensive employment program may be relatively higher overall. • Importantly, income associated with those revenue generating assets may offset these differences in costs.

Some organisations might incur higher costs due to their social-impact business decisions, affecting each of the drivers outlined above. That is, additional costs might reflect the business' social mission through **scope** of services (i.e. choosing to embed other services), **scale and duration** of the program (flexibility for self-paced learning), and the number of **target cohorts** which the program aims to support (affecting the ability to scale supports for cost-effectiveness).

4.3.2 Drivers of cost per outcome

Variation in cost per outcome is expected, reflecting distinct employment support models, differing theories of change and variation in the time and achievement of intended outcomes given the cohorts in which they serve. This reinforces the importance of avoiding comparison between cost estimates, including at the outcome level.

Variation in intended outcomes

While all partners share a similar overarching objective of supporting participants' transitions to employment, the method and timeframe of achieving this varies. In part, this reflects variation in the characteristics of a 'suitable outcome' for different participants. For example, while a transition to open employment may be viewed as an optimal outcome, interim outcomes may support longer-term success (e.g. further education). Due to this variation, there the outcomes sought (and measured) may differ. Some measures recorded include:

For organisations supporting employees (WISEs or NFP):

- Sustained ongoing employment
- Progression to a more senior role
- Transition to ongoing employment with a partner organisation (e.g. supplier, contractor, another WISE)
- Transition to open employment that is aligned with interests, skills or ideal hours
- Engaging with education or training (often, but not necessarily, in parallel to employment)

For organisations supporting entrepreneurs (incubators):

- Earning an income above the minimum wage through self-employment
- Employing others or investing in community using self-employment income
- Reduced or removed welfare dependence
- Transitioned to employment with another enterprise as a result of support received

Variation in the outcomes rate

The transition rate to employment outcomes – and the pace at which these are achieved - also differs, driven by a combination of factors:

- **The outcomes being sought**. That is, the time taken to achieve outcomes may vary. For instance, generating income through self-employment may require more time to achieve, while prioritising re-entry to education and training (and delaying employment) may contribute to longer-term sustainability for some individuals.
- **The individual barriers faced by participants.** The individual characteristics of the participant, particularly the types and complexity of barriers faced, can influence the time required to achieve an outcome. For

example, addressing barriers such as homelessness or substance abuse may prolong the time required to achieve employment.

- **The features of the employment program design.** Some employment support programs prioritise transitions to open employment by setting expectations about program duration and actively supporting and prioritising employment transitions. Meanwhile, other organisations support participants until the individual can secure ongoing employment with another organisation. These design differences may affect both outcome rates and the ability to measure them effectively.

At a broader level, program effectiveness may differ across interventions and contexts (as demonstrated in the literature and outlined in Chapter 3). The maturity and scale of the organisation can play a role in the effectiveness of achieving outcomes, noting the importance of data collection in supporting ongoing learning.

Variation in the outcomes sought and measured creates challenges in consistent data collection across the sector, and also necessitates a flexible approach. This variation is an important precursor to interpreting outcomes or comparing cost per outcome results across organisations. Importantly, it reiterates that there is no reasonable 'benchmark' cost nor one size fits all – and that there is greater value in understanding the drivers of cost and outcome, and their evolution over time.

4.4 Implications

This exercise has brought forward evidence from a diverse sample of 10 for-purpose organisations. This sample size is not representative of the sector and therefore warrants careful consideration when interpreting and extrapolating results. The results do, however, provide the first data point for many of these organisations and establish a starting point from which further evidence can build.

While the estimates themselves are informative, their highest and best use is as a starting point to develop a stronger understanding of the process and estimation approach to further the availability of data over time. The lessons learned in facilitating this exercise – and those learnings identified by providers in consultation – can inform the refinement of these costings over time. These results demonstrate that:

- **Estimating a total cost of delivery per participant and outcome in the for-purpose employment sector is possible and meaningful.** Understanding the cost of delivery associated with for-purpose employment programs can provide a full view of the resourcing required to deliver outcomes for those facing complex barriers to employment. The application of a cost framework in this context remains in its early phases, with opportunity for further refinement for efficiency, reliability and flexibility, as it is applied across different organisations and programs over time. While the associated margin of error in the resulting estimates is recognised, it remains important to prioritise advancements in the evidence base, allowing for greater precision to be built over time.
- **Given the range in delivery costs and their point-in-time nature, a focus on the drivers of cost may be more instructive than absolute values.** Despite the point in time limitations of cost per participant and per outcome measures, their range and relative contributors remain valuable indicators for organisations and funders. As the evidence base builds over time, cost estimations per cohort and intervention type can be produced and generalised across settings with more confidence; including to benchmark performance.
- **Stronger outcomes data can support the sector to demonstrate its return to investment, and better enable interventions to achieve their intended objectives.** Cost per outcome measures are point-in time and will vary across organisations and over time. However, they remain an important metric to better inform the sector's understanding of the true costs in delivering employment supports and successful outcomes. To demonstrate (and achieve) cost effectiveness, it is critical for organisations to collect rich data on costs and outcomes over time (with Chapter 5 providing future directions for broader data collection).

5 A path for further research

This paper represents the first of its kind in the public domain. It brings together the case for change – that is, the value of getting employment supports right for those with complex and significant barriers to employment – with new evidence and a generalisable framework on understanding costs of alternative support models. This chapter describes a path to continue advancing the evidence base across the sector.

5.1 The value of clearer data on costs and outcomes

The literature review and initial findings from the cost collection motivate further investment in analysis at both the intervention and system level, to understand cost-effectiveness across contexts. Better understanding the outcomes associated with employment supports for disadvantaged cohorts – and the alternative likely outcomes for those cohorts in the mainstream system (i.e., the 'counterfactual') – will support the sector to better:

- demonstrate the value of tailored approaches for jobseekers facing complex barriers to work
- learn from what has worked well in different contexts and use this to refine delivery approaches
- engage employers and bridging organisations in ensuring outcomes for jobseekers
- direct the flow of funding towards innovative models with stronger evidence on their returns.

5.1.1 Opportunities for further research

Recognising the shared benefits of an improved evidence base, key areas for future research may include:

- At the intervention level, understanding the impact of employment support programs on participants' employment outcomes once they transition - either to open employment or sustained self-employment. This would help to inform a longer-term view of the sustainability of impact and to assess effectiveness of the model for different cohorts.
- Across the spectrum of intervention types, there is a focus on outcomes for youth, where further research is needed to understand the likely outcomes for other cohorts. There is a particular challenge in inferring outcomes for those with long periods away from the labour force and have a higher risk of wage-scarring.
- Taking a system view, additional evidence around the role of non-vocational and embedded supports in employment programs could inform an understanding of the relative benefits of embedded models as opposed to employment services using referrals to other services.

While the economic and social benefits that can be achieved by improving outcomes motivate further investment to determine 'what works', continuing to synthesise evidence is critical, including as part of the piloting of innovative approaches to generate evidence across contexts. Ultimately, this evidence will reveal the experiences at the individual or local level that can be catalytic for change at the system level.

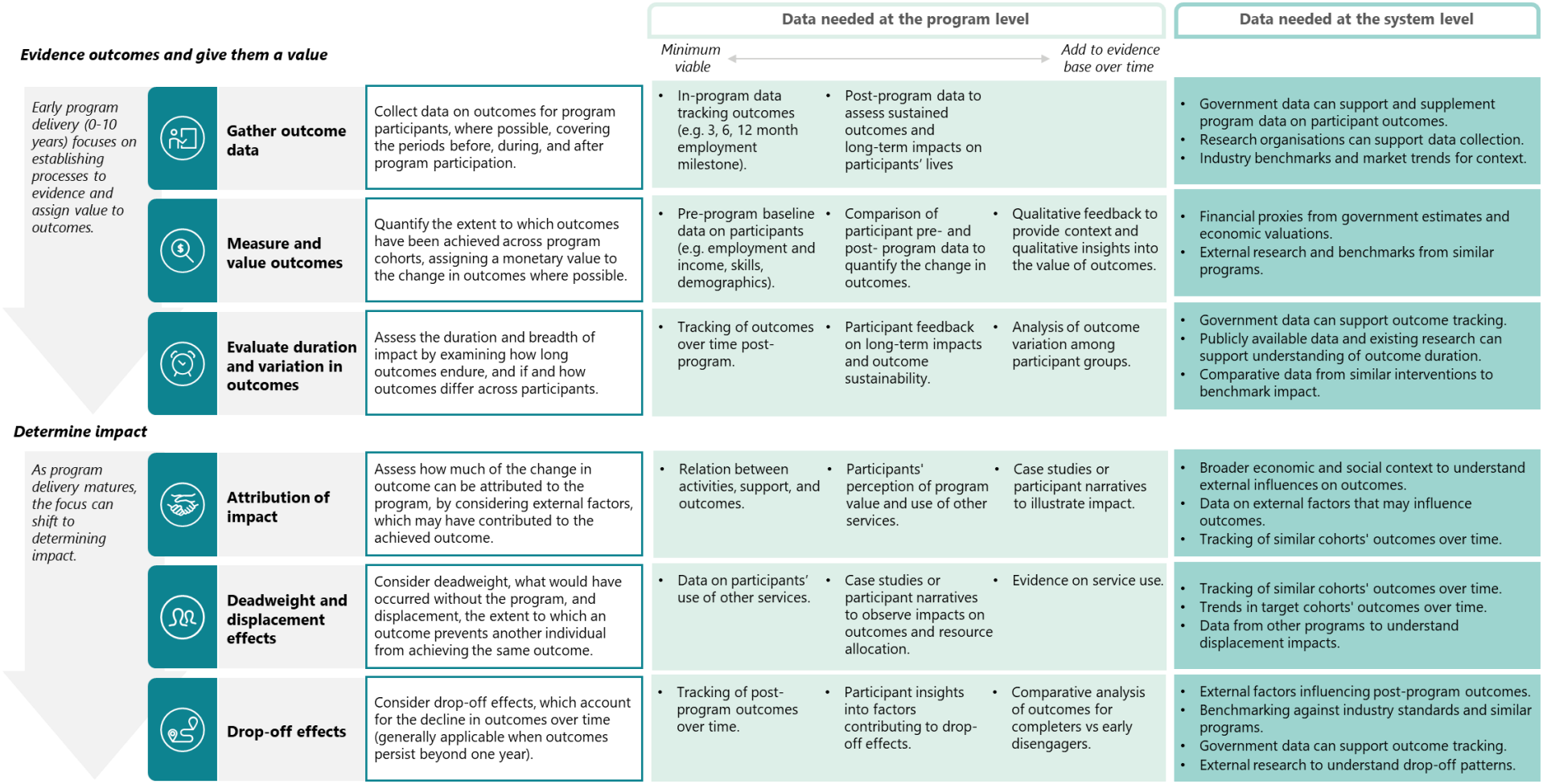
5.1.2 The opportunity to strengthen data collection in the for-purpose sector

Organisations' own monitoring, evaluation and learning processes can be complemented by findings from large-scale administrative datasets tracking employment outcomes across contexts and further meta-analysis of the evidence, particularly on models which involve employer engagement and place-based solutions.

While the estimates in this report are an interesting baseline view of costs, their highest and best use is as a starting point to develop a stronger understanding of the process and estimation approach to further the availability of data over time. An accompanying data tool for providers complements the framework presented in this report to support that outcome – noting that this framework also presents a starting point for further conceptual and operational refinement.

Consultations with PRF partners revealed the variation in extent and quality of outcomes data in the sector. Drawing on the lessons learned, and the expertise of those consulted for this work, Figure 5.1 sets out a framework to support the sector to prioritise data collection, add to the evidence base through cumulative data collection and to leverage system-level data to benchmark outcomes and inform comparisons.

Figure 5.1: Prioritising outcomes data collection to maximise impact



Source: Deloitte Access Economics (2024)

An improved evidence base on costs and outcomes (as part of the interventions themselves) is critical to improving system outcomes, helping to close understanding gaps and better informing decision making over time. This can also support the system to better identify cohorts likely to benefit from more tailored support and to ensure interventions are targeted appropriately.

Currently, the systematic collection of data sufficient to attribute outcomes (notably, participant circumstances prior to participation and detailed background characteristics) is not commonplace across the sector. This increases challenges in estimating: (1) differences in outcomes before and after participation; and (2) differences in outcomes relative to what would have occurred without support. It remains important to prioritise psychological safety of participants in the onboarding (and ongoing participation) process, and implement pragmatic solutions in relation to data collection. Examples of potential approaches revealed in the cost collection exercise included:

- updates to demographic and background information over time as participants become more comfortable
- detailed outcomes measures tracking multiple and non-exclusive outcomes which can be aggregated into higher level categories
- research partnerships with universities to establish robust counterfactual estimates.

To continue to advance the evidence available, key priorities for future data collection by providers may include:

- outcomes for a cohort at regular intervals over time, to account for the lagged impact of outcomes (and to better observe outcomes beyond transition from the program in question)
- participants' circumstances prior to participation in the program – notably length of unemployment prior to participation, and for self-employment models, sources and relative income levels
- detailed participant demographic information, which is critical for selecting the appropriate counterfactual support system and likely outcome, and for estimating attribution
- case studies which can be used to acknowledge and estimate the social benefits associated with employment.

While these data contribute to the public evidence base, they first and foremost hold value for individual organisations. They form a crucial input to any monitoring, evaluation and learning strategy, and are a valuable point of evidence to refine delivery models and processes, as well as to demonstrate an organisation's impact to its funders.

5.1.3 Making best use of administrative datasets

The effectiveness of employment support models depends on context – and the ability to match intervention to need. In addition to opportunities for advancement to individual organisations' monitoring, evaluation and learning processes highlighted in this report, administrative datasets provide a unique opportunity to further advance our collective understanding. In particular:

- the longitudinal nature of many administrative datasets allows for more complete and accurate tracking of employment outcomes over time, for example several years beyond an intervention, to understand long-term outcomes and program effectiveness
- the triangulation of these rich data sources helps to build an understanding of jobseeker characteristics, needs and outcomes across intervention types and contexts – for example by combining detailed demographic information with service usage, labour force dynamics and employment outcomes
- the opportunity to assess the short- and long-term benefits of successful employment transitions with more precision – for example, the intergenerational benefits of parents moving into sustained employment on children's economic and social outcomes
- the opportunity to apply more advanced analytical methods, including the identification and estimation of likely counterfactual outcomes for individuals accessing employment services, allowing for better attribution of outcomes to specific supports.

Importantly, continuing to consolidate evidence from a range of sources will continue to expand the information available to the sector itself, funders and government – and contribute to stronger outcomes over time.

Limitation of our work

General use restriction

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